Speaker's Office <speaker@guamlegislature.org>

M&C Fwd: GovGuam FY 2018 Financial Audit and Single Audit Reports

1 message

Speaker's Office <speaker@guamlegislature.org> Wed, Jul 3, 2019 at 9:18 AM
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>
Bcc: Tina Muna Barnes <tinamunabarnes@gmail.com>

07-03-19	8:43 AM	06-20-19	GovGuam FY 2018 Financial Audit and Single Audit Reports.*	Office of Public Accountability	35GL-19-0703

Sinsenru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
speaker@guamlegislature.org

35GL-19-0703
Speaker Tina Rose Muña Barnes

JUL 0 3 2019
Time 8:43 (X)AM ( )PM
Received By: Matt

This e-mail message is intended only for the use of the individual or entity named above and may contain confidential and privileged information. If you are not the intended recipient, any disclosure, copying, distribution or use of the information contained in this transmission is strictly PROHIBITED. If you have received this transmission in error, please immediately notify us by replying to speaker@guamlegislature.org and delete the message immediately. Thank you very much.

Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: **Ira Palero** <ipalero@guamopa.com>
Date: Wed, Jul 3, 2019 at 8:43 AM
Subject: GovGuam FY 2018 Financial Audit and Single Audit Reports
To:
Cc: Edlyn Dalisay <edalisay@guamopa.com>

Hafa Adai,

Transmitted electronically is the Government of Guam (GovGuam) FY 2018 Financial Highlights, Compliance Highlights, Financial Statements, Single Audit Reports, Management Letter, and Letter to Those Charged with Governance. These reports may also be found in our website at http://www.opaguam.org.

--

Best Regards,

Ira Palero, CPA

Auditor I

Office of Public Accountability - Guam

www.opaguam.org

Tel. (671) 475-0390 ext. 215

Fax (671) 472-7951

2019 JUL -3 AM 9:25

This email and any attachments are for the sole use of the intended recipients and contain information that may be confidential or legally privileged. If you have received this email in error, please notify the sender by reply email and delete the message. Any disclosure, copying, distribution, or use of this communication by someone other than the intended recipient is prohibited.

6 attachments

- **GovGuam HL (Final).pdf** 526K
- **FY18 GGW Compliance HL (Final).pdf** 521K
- **GovGuam_fs18 [FINAL 06.21.19].pdf** 5268K
- **GovGuam_Single Audit 18 [FINAL 06.21.19].pdf** 587K
- **GovGuam_ml18 [FINAL 06.21.19].pdf** 162K
- **GovGuam_sas18 [FINAL 06.21.19].pdf** 1668K

0703

OFFICE OF PUBLIC ACCOUNTABILITY

Suite 401 DNA Building, 238 Archbishop Flores Street, Hagatna, Guam 96910
Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)
www.opaguam.org

Government of Guam – FY 2018 Financial Highlights

June 25, 2019

Hagåtña, Guam – The Office of Public Accountability (OPA) has released the Government of Guam's (GovGuam) financial statements for fiscal year (FY) 2018. Independent auditors Deloitte & Touche, LLP, issued an unmodified (clean) opinion on GovGuam's financial statements. OPA will release a separate commentary on the Single Audit Reports and Management Letter.

The GovGuam General Fund ended FY 2018 with a $10.4 million (M) deficit, while the prior year posted a surplus of $32.7M. The prior year surplus was due to the $17.5M surplus from the Guam Department of Education (GDOE) and $14.0M permanent transfers from special revenue funds. The General Fund's cumulative deficit stands at $83.4M as of FY 2018.

Decreased Revenues and Expenditures

In FY 2018, the General Fund's total revenue was $688.0M, a $21.0M or 3% decrease from FY 2017. The decrease was primarily due to the (1) implementation of 2018 Trump Tax Cuts and Jobs Act (TCJA), which reduced GovGuam's income tax collections by $36.6M; and (2) GovGuam not receiving prior year supplemental payments, which decreased Section 30 Federal income taxes by $9.4M. These decreases were slightly offset by a $32.6M increase in Gross Receipts Tax (GRT) due to the Business Privilege Tax rate change from 4% to 5%, which became effective in April 2018. The overall decrease in General Fund's revenue would have been higher if not for the $29.0M tax amnesty collections in FY 2018.

In FY 2018, General Fund's total expenditures were $683.8M, a $30.8M or 4% decrease from FY 2017 due to cost reduction measures by line agencies and decreased subsidies to autonomous agencies.

Transfers In/Out of General Fund

In FY 2018, the General Fund transferred out $42.2M to other funds, which mainly included (1) $33.9M local match requirements for various federal grant awards, and (2) $7.4M to finance charter schools administered by GDOE.

On the other hand, other funds transferred $27.6M into the General Fund, which mainly included (1) $15.8M to finance public schools operations and debt service requirements, and (2) $3.4M to finance General Fund operations. Therefore, General Fund's net transfer out to other funds was $14.7M in FY 2018, whereas FY 2017 was a net transfer in of $11.4M.

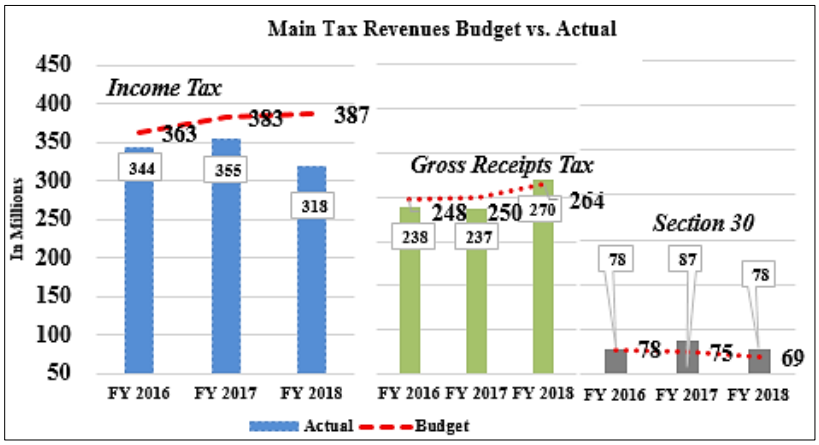
Tax Abatement Program

Tax abatements represent reductions in tax revenues that result from an agreement between GovGuam and individuals or entities where GovGuam promises to forego tax revenues to which it is otherwise entitled to, and the individuals or entities' promise to take specific actions that contribute to economic development. In FY 2018, GovGuam abated $15.9M for Guam Registered Apprenticeship and Qualifying Certificate Programs, of which 99% pertained to GRT.

Doc. No. 35GL-19-0703.*

General Fund Budget versus Actual Revenues

On a budgetary basis, GovGuam's FY 2018 total actual revenues were $679.0M, or $57.2M less than budgeted. For the last three years, revenues fell short of projections by an average of $35.7M annually. Income Taxes continue to fall short of the budget in FY 2018 by $69.0M.



The auditors commented that a robust analysis by the Department of Revenue and Taxation (DRT) was not possible due to the significant limitation of human resources and the manual nature of income tax processing. As of May 2019, DRT processed only 18% of the total expected returns for the 2018 tax year. The income tax refund liability did not consider the impact of the TCJA.

Outstanding Debt versus Debt Ceiling

According to the Organic Act, GovGuam's debt ceiling limitation or public indebtedness must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which was $1.3 billion (B) as of October 2018. As of FY 2018, GovGuam's total outstanding debt subject to the debt ceiling limitation was $1.1B, only $251.7M away from the limit.

Other Post-Employment Benefits (OPEB)

The auditors' report on the financial statements included an emphasis on GovGuam's implementation of Governmental Accounting Standards Board (GASB) No. 75 in FY 2018, which pertains to the accounting and reporting of post-employment medical, dental, and life insurance benefits to retirees, spouses, children, and survivors. This had a material effect on the government-wide and agencies' financial statements as they recorded the liability for the first time, and restated the prior year's financial statements. As of FY 2018, the additional liability due to OPEB amounted to $1.7B for the primary government[1] and $769.0M for the component units[2].

Although the numbers appear significant, the requirement of GASB No. 75 was merely to quantify promised benefits. The Guam Legislature annually provides for OPEB through appropriations and therefore became a promised benefit to the employees. Rating agencies are aware of the OPEB recording requirement by GASB No. 75, which is a theoretical liability. GovGuam currently has no established OPEB Trust Fund (similar to how GovGuam Retirement Fund maintains funds for expected employee retirement). Instead, it finances OPEB on a substantially "pay-as-you-go" basis.

For a more detailed discussion on GovGuam's operations, refer to the Management's Discussion and Analysis or view the report in its entirety at www.opaguam.org or at www.da.doa.guam.gov.

[1] Primary government includes line agencies, legislature, GDOE, Public Defender Service Corporation, Unified Courts of Guam, and GTA.

[2] Component units include GIAA, GGRF, GCC, GEDA, GHC, GHURA, GMHA, GPA, GVB, GWA, PAG, and UOG.

OFFICE OF PUBLIC ACCOUNTABILITY
Suite 401 DNA Building, 238 Archbishop Flores Street, Hagatna, Guam 96910
Tel (671) 475-0390 · Fax (671) 472-7951 · Hotline: 47AUDIT (472-8348)
www.opaguam.org

Government of Guam – FY 2018 Compliance Highlights

June 26, 2019

Hagåtña, Guam – The Office of Public Accountability has released the Government of Guam's (GovGuam) fiscal year (FY) 2018 Single Audit Reports on Compliance and Internal Controls. Independent auditors Deloitte & Touche, LLP issued a qualified opinion on four major federal programs due to noncompliance with the timely reconciliation of funds and biannual physical inventory and reconciliation of capital assets. The auditors also identified two material weaknesses in internal control over financial reporting, and two material weaknesses and one significant deficiency in internal control over compliance. There were also other instances of noncompliance pertaining to procurement with questioned costs of $549 thousand (K).

Federal Program Funding

GovGuam and its line agencies expended $314.4 million (M) in federal awards from 15 grantor agencies in FY 2018. Of the 15 grantor agencies, the largest grant came from the U.S. Department of Health and Human Services at $118.6M for the various welfare programs, such as Medicaid at $52.8M and Children's Health Insurance Program at $33.3M. The second largest grantor was the U.S. Department of Agriculture at $118.3M, of which $108.4M was for Supplemental Nutrition Assistance Program (SNAP), better known as Food Stamps. The third largest grantor was the U.S. Department of Transportation at $28.2M, of which $26.2M was for Highway Planning and Construction.

In addition, GovGuam component units expended $191.1M in federal awards. The top three agencies were Guam Department of Education at $68.2M, Guam Housing and Urban Renewal Authority at $41.4M, and University of Guam at $29.4M.

Single Audit Findings

In FY 2018, four findings were identified in the Single Audit, of which three were repeat findings from the prior year. This was an improvement from the prior year's seven findings, of which five were repeat findings.

General Ledger (GL) and Schedule of Expenditures of Federal Awards (SEFA) Reconciliations (2018-001)

- A nonrecurring material weakness in internal control over financial reporting.
- GovGuam did not timely reconcile the GL and the Subsidiary Ledgers for receivables to and from federal agencies.
- GovGuam did not timely reconcile $7.8M of expenditures between the GL and the SEFA.

- Initially, GovGuam did not present two expenditures related to sub-recipient transactions in the SEFA. The SEFA was subsequently revised in June 2019 to accurately present the expenditures and sub-recipient transactions.

SNAP Special Tests and Provisions (2018-002)
- A repeat material weakness in internal control over compliance.
- GovGuam did not timely reconcile funds on certain dates, averaging 82 days delayed. In addition, certain reconciliation data did not indicate dates relative to signoffs, system extractions, or printing to substantiate whether daily reconciliation occurred.

Procurement and Suspension and Debarment (2018-003)
- A repeat significant deficiency in internal control over compliance and other instances of noncompliance.
- GovGuam used emergency procurement to procure food services for Department of Correction inmates after an existing contract expired in March 2018. Although the emergency procurement covered May 2018 through June 2018, the procurement file did not contain sufficient documentation to substantiate existing emergency procurement conditions.

Equipment and Real Property Management and Capital Assets (2018-004)
- A repeat material weakness since FY 2012 both in internal control over financial reporting and over compliance.
- GovGuam did not perform property inventory reconciliation and biannual physical inventory.
- Capital asset ledgers reconciliation was ongoing eight months after fiscal year end with numerous post-closing adjustments.
- Auditors could not easily identify construction costs by project.

Management Letter

The auditors issued a separate management letter containing four findings. This was a significant improvement compared to the prior year's 11 management letter findings.

1) Department of Revenue and Taxation lacked robust analysis of the impact of the Tax Cuts and Jobs Act on the 2018 refund liability.
2) General Services Agency did not have inventory records to support $5.0M of fuel and supplies as of FY 2018.
3) Customs and Quarantine did not have a signed lease agreement for its $3.1M rental and administrative fees.
4) Unified Courts do not timely monitor the status of probation cases to allow for the issuance of official court orders for the closure and write-off of uncollectible accounts.

In addition, the auditors issued two findings related to the information technology environment.

To view the reports in their entirety, visit our website at www.opaguam.org.

GOVERNMENT OF GUAM

BASIC FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2018

GOVERNMENT OF GUAM

Table of Contents
Year Ended September 30, 2018

		Page
I.	Independent Auditors' Report	1
II.	Management's Discussion and Analysis (Unaudited)	4
III.	Basic Financial Statements:	
	Government-Wide Financial Statements:	
	Statement of Net Position	20
	Statement of Activities	21
	Governmental Fund Financial Statements:	
	Balance Sheet	22
	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	23
	Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	24
	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	25
	Fiduciary Fund Financial Statements:	
	Statement of Fiduciary Net Position	26
	Statement of Changes in Fiduciary Net Position	27
	Discretely Presented Component Unit Financial Statements:	
	Statement of Net Position	28
	Statement of Revenues, Expenses, and Changes in Net Position	29
	Notes to the Basic Financial Statements	30
IV.	Schedules of Required Supplementary Information - Other than Management's Discussion and Analysis:	
	Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund (Unaudited)	128
	Notes to the Required Supplementary Information - Budgetary Reporting	129
	Schedule of Proportionate Share of the Net Pension Liability – Defined Benefit Plan (Unaudited)	131
	Schedule of Proportionate Share of the Net Pension Liability – Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees (Unaudited)	132
	Schedule of Proportionate Share of the Net Pension Liability – Ad Hoc COLA Plan for DCRS Retirees (Unaudited)	133
	Schedule of Pension, DB Ad Hoc COLA/Supplemental Annuity and DCRS Ad Hoc COLA Contributions (Unaudited)	134
	Schedule of Changes in the Proportionate Share of the Total OPEB Liability Related Ratios	135
	Schedule of Proportionate Share of the Total OPEB Liability	136
	Schedule of OPEB Contributions	137

GOVERNMENT OF GUAM

Table of Contents, Continued
Year Ended September 30, 2018

	Page
V. Other Supplementary Information:	
General Fund:	
Narrative	139
Combining Schedule of Balance Sheet Accounts	142
Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit) Accounts	145
Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit) Accounts	148
Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund	151
Schedule of Revenue, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only)	158
Nonmajor Governmental Funds:	
Narrative	164
Combining Balance Sheet - Nonmajor Governmental Funds	165
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances - Nonmajor Governmental Funds	166
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances – Nonmajor Governmental Funds	167
Nonmajor Governmental Funds - Special Revenue Funds:	
Narrative	168
Combining Balance Sheet	177
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)	184
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)	191
Nonmajor Governmental Funds - Capital Projects Funds:	
Narrative	198
Combining Balance Sheet	199
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances	200
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances	201
Nonmajor Governmental Funds - Debt Service Funds:	
Narrative	202

Page

V. Other Supplementary Information, Continued:

Fiduciary Funds - Pension Trusts:
- Narrative 203
- Combining Statement of Fiduciary Net Position 204
- Combining Statement of Changes in Fiduciary Net Position 205

Fiduciary Funds - Private Purpose Trusts:
- Narrative 206
- Combining Statement of Fiduciary Net Position 207
- Combining Statement of Changes in Fiduciary Net Position 208

Fiduciary Funds - Agency:
- Narrative 209
- Statement of Changes in Assets and Liabilities 210

Nonmajor Component Units:
- Narrative 211
- Combining Statement of Net Position 212
- Combining Statement of Changes in Net Position 213

Other Information:
- Narrative 214
- Combining Schedule of Expenditures By Object - All Governmental Funds 215
- Schedule of Outstanding Debt - Primary Government and Component Units 216
- Schedule of Personnel Count - Primary Government 217
- Schedule of Continuing Appropriations 220

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements as set forth in Section III of the foregoing table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the GovGuam Retirement Fund, which represents 94%, 96% and 62%, respectively, of the assets, net position/fund balances and revenues of the aggregate remaining fund information, and the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, which represent 23%, 235% and 13%, respectively, of the assets, net position and revenues of GovGuam's discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

As discussed above, the financial statements of the GovGuam Retirement Fund were audited by other auditors. We audited the reclassification adjustment described in Note 1R that was applied to revise the GovGuam Retirement Fund financial statements. In our opinion, such reclassification adjustment is appropriate and has been properly applied. However, we were not engaged to audit, review, or apply any procedures to the financial statements of the GovGuam Retirement Fund other than with respect to such reclassification adjustment and, accordingly, we do not express an opinion or any other form of assurance on the financial statements of the GovGuam Retirement Fund taken as a whole.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matters

Implementation of New Accounting Standards

As discussed in Note 1X to the financial statements, effective October 1, 2017, GovGuam adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which resulted in the restatement of beginning net position of governmental activities, fiduciary component units and the aggregate discretely presented component units. Our opinion is not modified with respect to this matter.

Restatement

As discussed in Note 15 to the financial statements, the beginning net position of governmental activities and the aggregate discretely presented component units have been restated to correct an error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 19, the Schedule of Revenues, Expenditures and Changes in Deficit – Budget and Actual – General Fund and notes thereto on pages 128 through 130, the Schedule of Proportionate Share of the Net Pension Liability, on pages 131 through 133, the Schedule of Pension Contributions on page 134, the Schedule of Changes in the Proportionate Share of the Total OPEB Liability and Related Ratios on page 135, the Schedule of Proportionate Share of the Total OPEB Liability on page 136, and the Schedule of OPEB Contributions on page 137, be presented to supplement the basic financial statements.

Deloitte.

Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, comparing the information for consistency with management's responses to our inquiries of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information, as set forth in Section V of the foregoing table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management. The additional information on pages 139 through 150 and 158 through 216 as well as the 2018 information on pages 151 through 157 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the additional information on pages 139 through 150 and 158 through 216 as well as the 2018 information on pages 151 through 157 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 2017 information on pages 151 through 157 as well as the information on pages 217 through 237 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of GovGuam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GovGuam's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GovGuam's internal control over financial reporting and compliance.

Deloitte + Touche LLP

June 20, 2019

Our discussion and analysis of the Government of Guam ("GovGuam") financial performance provides an overview on the background and history of GovGuam's financial activities and details for the fiscal year ended September 30, 2018. Please read it in conjunction with GovGuam's financial statements, which follow this section. Fiscal year 2017 comparative information has been included, where appropriate.

OVERVIEW OF THE FINANCIAL STATEMENTS

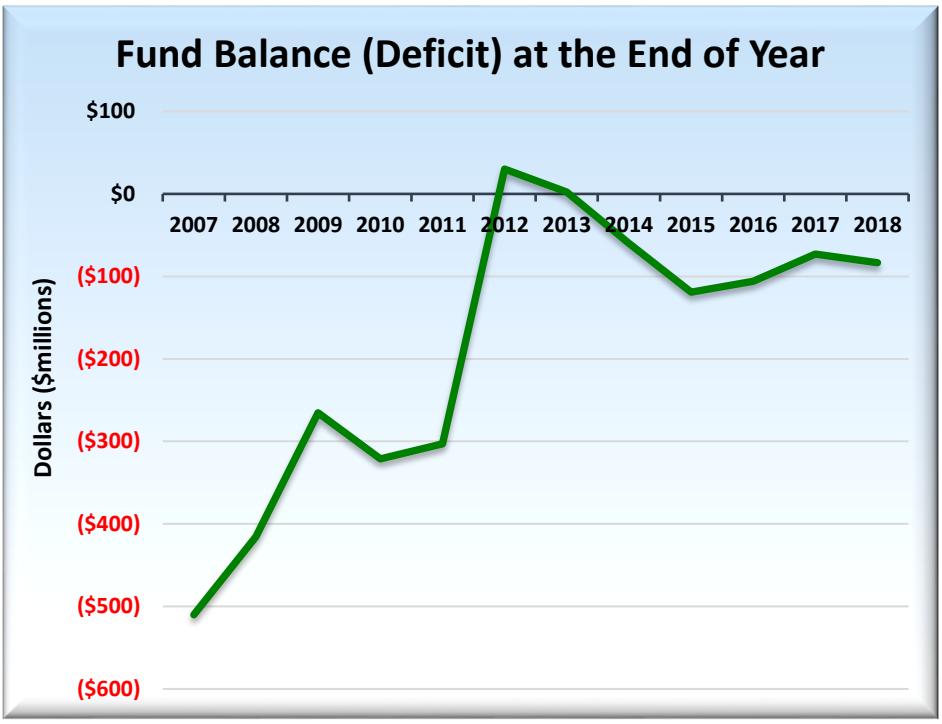
This discussion and analysis is intended to serve as an introduction to GovGuam's basic financial statements. GovGuam's basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains additional required supplementary information in the form of a budgetary schedule, which is prepared on the budgetary basis of accounting, and other optional supplementary information, in addition to the basic financial statements themselves, which include combining statements for governmental funds and component units.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

The General Fund is the chief operating fund of GovGuam.

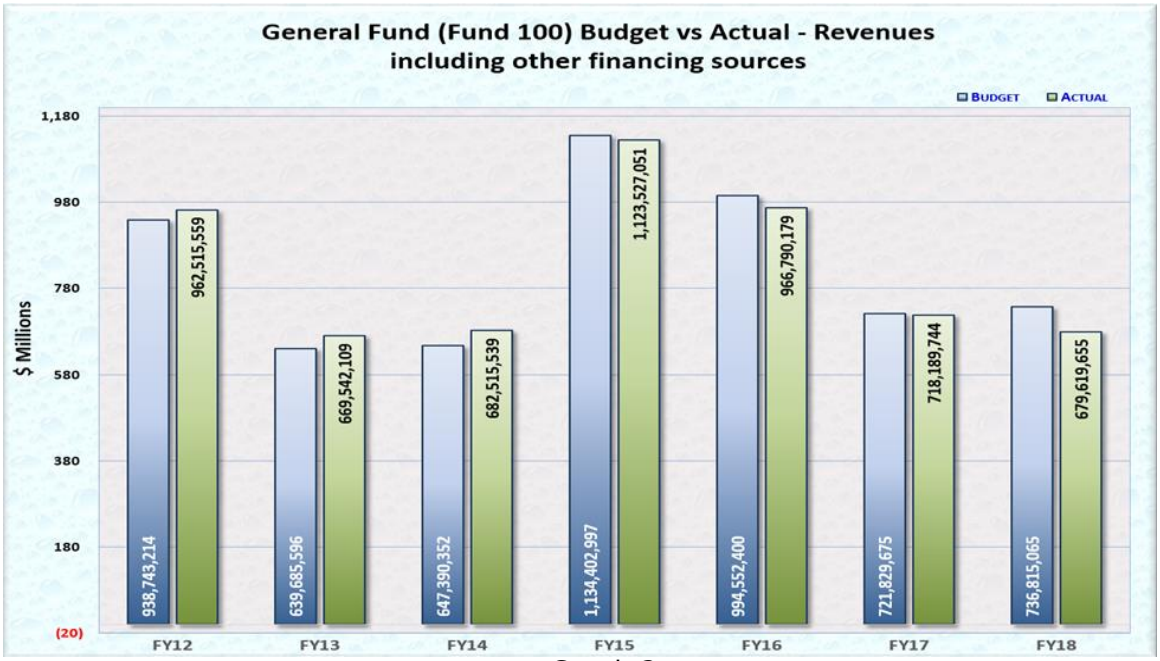
The graph below shows the annual tracking of the Statement of Revenue, Expenditures and Changes in Fund Balances (Deficit) of the General Fund over the last twelve years (Graph 1). In 2006, the General Fund deficit reached its steepest decline of $524 million. Since that time, the Government has achieved a steadily improving trend. This has been achieved by maximizing revenues, limiting expenditures and by replacing unfunded current obligations with bonded long-term debt which has structured repayment requirements. This debt represents a level of confidence by outside investors in the ability of GovGuam to manage its responsibilities.

FY2007	$(510.1)
FY2008	$(415.5)
FY2009	$(265.4)
FY2010	$(321.3)
FY2011	$(303.1)
FY2012	$ 30.1
FY2013	$ 2.3
FY2014	$(59.6)
FY2015	$(119.1)
FY2016	$(105.7)
FY2017	$(73.0)
FY2018	$(83.4)

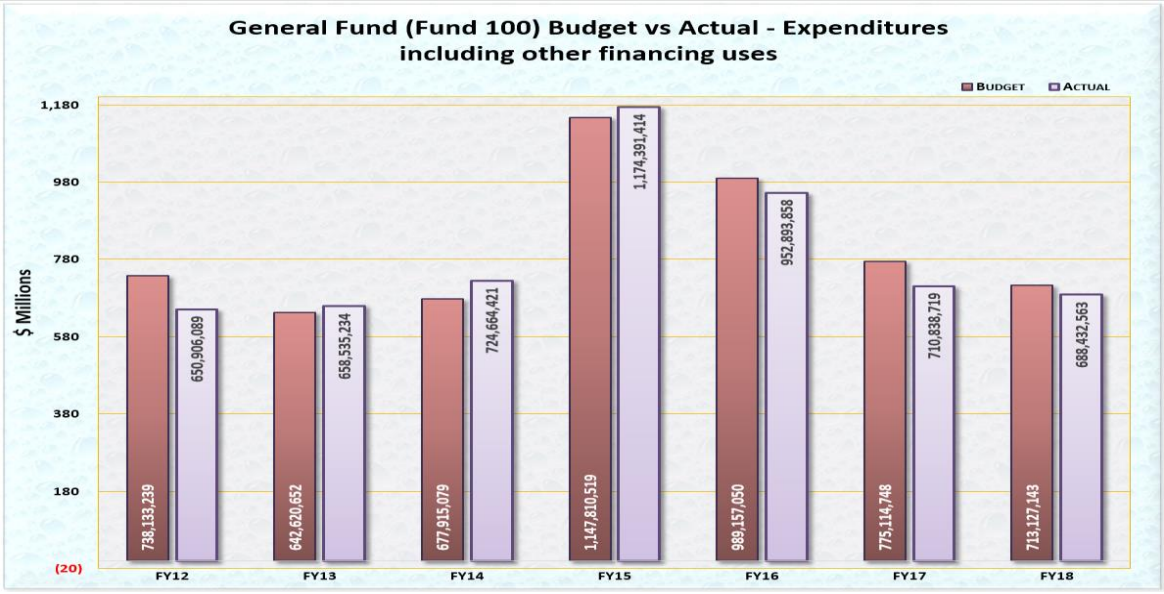


- For FY2018, the General Fund generated an excess of revenues over expenditures of $3.9 million. After accounting for expenditures that exceeded revenues for certain departments not subject to budgetary control, namely the Guam Department of Education ($2.6 million), the Unified Courts of Guam ($1.1 million), and the Public Defender Service Corporation ($0.85 million) together with recognizing $9.7 million of Medicaid and MIP claims that were incurred but not processed at year end, a final modest fund deficit of $10.4 million was recorded.

- The General Fund is required to assume the burden of any shortfalls in other funds and activities. In FY2014 and FY2015, the increased deficit can be attributed to several factors, including the payment of debt services costs related to the closure of the Ordot landfill facility of Guam Solid Waste Authority (GSWA). Up until April 2019, this enterprise was operating under Federal receivership and the Court permitted GSWA to use income received from tipping for operations and certain landfill closure expenses, leaving the General Fund to service the debt that had been taken on under Court Order, in support of the landfill closure. Additionally, also unbudgeted, was debt service costs attributed to the Guam Department of Education, which also became the responsibility of the General Fund. These excess costs exacerbated deficits also caused by unanticipated expenditures and revenue shortfalls.



Graph 2



Graph 3

FINANCIAL HIGHLIGHTS

- Effective October 1, 2017, GovGuam implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The implementation of this statement has no impact on GovGuam's governmental fund financial statements, which continue to report expenditures in the amount contractually required. However, implementation has resulted in the restatement of GovGuam's fiscal year 2017 government-wide financial statements to reflect the reporting of an OPEB liability, deferred inflows of resources, and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of GASB Statement No. 75. Refer to Note 12 for more information regarding GovGuam's OPEB.

- General revenues increased by $2.2 million (or 0.3%) from the previous fiscal year. This was due to an increase, compared with prior year, in gross receipts tax collections of $32.6 million (13.7%), real property taxes of $2.9 million (10.9%), tobacco tax of $6.6 million (30.2%), liquid fuel taxes of $2.9 million (27.7%) and limited gaming taxes of $2.4 million (141%) offset by a decrease in income tax collections of $36.6 million (10.3%) and Section 30 federal income taxes of $9.4 million (10.7%).

- During fiscal year 2018, GovGuam's expenses for governmental activities were $1.28 billion and were funded by $464.7 million in program revenues and $801 million in taxes and other general revenues.

- For the fiscal year ended September 30, 2018, GovGuam's total net deficit position increased by $18 million (0.7%) from a net deficit position of $2.46 billion in the prior year, as restated, to a net deficit position of $2.48 billion. This was primarily attributable to expenses for governmental activities of $1.28 billion exceeding revenues of $1.27 billion.

- General Fund revenues (including transfers in) of $679.6 million were lower than estimated collections of $736.8 million. The net decrease of $57.2 million is primarily attributable to income tax collections being $69 million below budget, offset by gross receipts tax and Section 30 federal income tax collections exceeding budget by $5.5 million and $9.2 million, respectively.

- Offsetting reduced revenues, General Fund budgetary expenditures (including operating transfers out) of $688.4 million were lower than authorized appropriations of $713.1 million. The net decrease of $24.7 million is primarily attributable to cost reduction measures by line agencies of $18 million and decreased subsidies to autonomous agencies of $12.6 million, which were offset by Landfill Tax Credits of $0.8 million and non-appropriated expenditures of $6.1 million.

- For the fiscal year ended September 30, 2018, the General Fund reported expenditures (including transfers out) of $726.1 million, a decrease of $31.2 million (or 4.1%) from fiscal year 2017 expenditures and transfers out of $757.3 million. Correspondingly, the General Fund reported revenues (including transfers in) of $715.6 million, a decrease of $74.4 million (or 9.4%) from fiscal year 2017 revenues and transfers in of $790 million.

Government-Wide Financial Statements

The government-wide statements report information about GovGuam as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and deferred outflows of resources,and liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report GovGuam's net position and how that has been impacted in the current Fiscal Year. Net position is the difference between GovGuam's assets (and deferred outflows) and liabilities (and deferred inflows).

- Over time, increases or decreases in GovGuam's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of GovGuam, additional non-financial factors such as changes in GovGuam's tax base, the condition of GovGuam's roads and infrastructure, and the quality of services also need to be considered.

The government-wide financial statements of GovGuam are divided into two categories:

- Primary government - this grouping comprises governmental activities, which includes most of GovGuam's basic services such as education, public safety, health, finance, judiciary, and general administration. Local sourced tax revenues and other federal grants finance most activities of the primary government.

- Discretely presented component units - GovGuam includes numerous other entities in its report. Although legally separate, these "component units" are reported because GovGuam is financially accountable for them.

Governmental Fund Financial Statements

The fund financial statements provide more detailed information about GovGuam's most significant funds - not GovGuam as a whole. Funds are accounting devices that GovGuam uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by enabling legislation.

- GovGuam establishes other funds to control and manage money for particular purposes (like Solid Waste Operations Fund) or to show that it is properly using certain grants (like federal grants reported in the Federal Grants Assistance Fund).

GovGuam has two kinds of funds:

- Governmental funds - Most of GovGuam's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of GovGuam's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance GovGuam's programs.

- Fiduciary funds - GovGuam is the trustee, or fiduciary, for other assets that because of trust arrangement, can be used only for the trust beneficiaries. GovGuam is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of GovGuam's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of change in fiduciary net assets. We exclude these activities from GovGuam's government-wide financial statements because GovGuam cannot use these assets to finance its operations.

A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. At September 30, 2018, GovGuam reported positive balances in two of the categories of net position. By far, the largest portion of GovGuam's net position ($507.7 million) reflects its investment in capital assets (e.g., land, infrastructure, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. An additional portion of GovGuam's net position ($623.2 million) represents resources that are subject to external restrictions or enabling legislation as to the purpose they can be used for.

Net Position

The summary of Net Position (condensed) presented below, with comparable balances for fiscal year 2017, discloses this relationship:

GovGuam's Net Position
As of September 30

	Governmental Activities 2018	(As Restated) Governmental Activities 2017	Total Percentage Change 2018-2017
Current assets	$ 246,843,752	$ 220,969,679	11.7%
Current liabilities	446,769,414	400,779,455	11.5%
Net current liabilities	**(199,925,662)**	**(179,809,776)**	**11.2%**
Restricted assets	**118,908,512**	**115,760,453**	**2.7%**
Long-term assets	1,457,027,353	1,496,631,142	-2.6%
Long-term debt	1,131,286,237	1,162,119,879	-2.7%
Other long-term liabilities	2,910,291,489	2,932,034,049	-0.7%
Total long-term liabilities	**4,041,577,726**	**4,094,153,928**	**-1.3%**
Net long-term liabilities	**(2,584,550,373)**	**(2,597,522,786)**	**-0.5%**
Deferred outflows of resources	**374,510,664**	**213,307,038**	**75.6%**
Deferred inflows of resources	**(187,112,319)**	**(11,581,430)**	**1515.6%**
Net position:			
Net investment in capital assets	507,682,196	539,682,270	-5.9%
Restricted	623,207,215	595,460,689	4.7%
Unrestricted	(3,609,058,589)	(3,594,989,460)	0.4%
Total net position	**$ (2,478,169,178)**	**$ (2,459,846,501)**	**0.7%**

At the end of fiscal year 2018, GovGuam is able to report positive balances in two of the categories of net position. The negative balance of unrestricted net position is primarily attributable to GovGuam's pension and OPEB liabilities of $1 billion and $1.66 billion, respectively, and having long-term liabilities that are greater than currently available assets. Specifically, GovGuam has not included in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable, capital lease obligations and other loans as well as to pay for closure and post closure costs of the Ordot Dump, and unused employee leave balances. GovGuam includes these amounts in annual budgets as they become due.

Changes in Net Position

For the fiscal year ended September 30, 2018, GovGuam's total net deficit position increased by $18 million (0.7%) from a net deficit position of $2.46 billion in the prior year, as restated, to a net deficit position of $2.48 billion. The restatement resulted in an increase in total net deficit position of $1.57 billion and was primarily attributable to GASB Statement No. 75 related to recording an OPEB liability.

For the year ended September 30, 2018, the net position of the primary government changed as follows, with comparable amounts for fiscal year 2017:

GovGuam's Changes in Net Position
For the Years Ended September 30

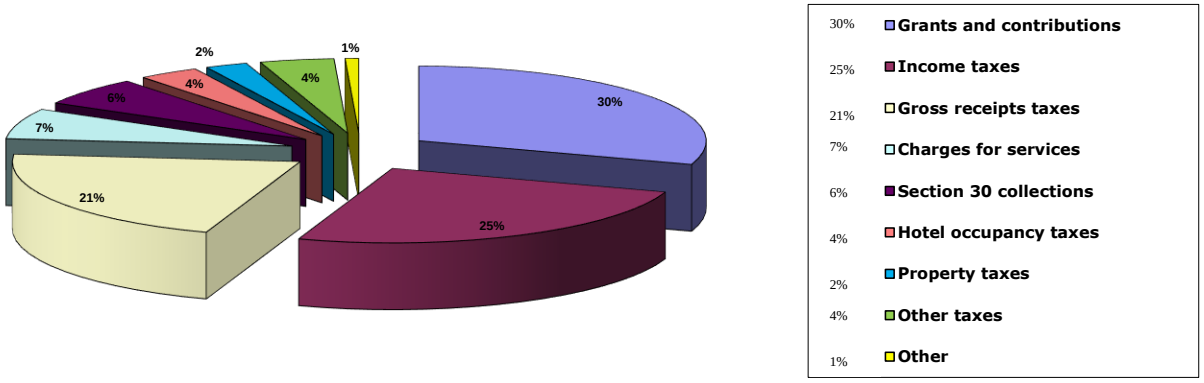
	Governmental Activities 2018	(As Restated) Governmental Activities 2017	Total Percentage Change 2018-2017
Revenues:			
Program revenues:			
Charges for services	$ 83,233,937	$ 92,157,246	-9.7%
Operating grants and contributions	381,465,990	362,029,334	5.4%
	464,699,927	454,186,580	2.3%
General revenues:			
Income taxes	318,123,595	354,709,313	-10.3%
Gross receipts taxes	269,684,874	237,133,647	13.7%
Section 30 federal tax collections	77,795,541	87,154,735	-10.7%
Other taxes	125,782,496	111,305,006	13.0%
Other general revenues	9,654,249	8,561,417	12.8%
	801,040,755	798,864,118	0.3%
Total revenues	**1,265,740,682**	**1,253,050,698**	**1.0%**
Expenses:			
General government	126,118,109	181,198,454	-30.4%
Protection of life and property	136,607,357	139,065,325	-1.8%
Public health	314,209,429	306,636,198	2.5%
Community services	41,353,330	36,929,409	12.0%
Culture and recreation	32,016,147	30,556,676	4.8%
Individual and collective rights	77,893,126	90,091,940	-13.5%
Transportation	28,823,419	31,356,464	-8.1%
Public education	391,227,309	414,034,209	-5.5%
Environmental protection	43,593,595	26,779,320	62.8%
Economic development	14,481,753	15,496,308	-6.5%
Interest	75,188,590	77,365,469	-2.8%
Total expenses	**1,281,512,164**	**1,349,509,772**	**-5.0%**
	(15,771,482)	**(96,459,074)**	-83.6%
Contributions to permanent funds	(2,551,195)	25,204,501	-110.1%
Change in net position	**(18,322,677)**	**(71,254,573)**	**-74.3%**
Net position, beginning of year	**(2,459,846,501)**	**(2,388,591,928)**	**3.0%**
Net position, end of year	**$ (2,478,169,178)**	**$ (2,459,846,501)**	**0.7%**

Changes in Net Position, Continued

General revenues increased by $2.2 million (or 0.3%) from the previous fiscal year. The change was due to an increase, compared with prior year, in gross receipts tax collections of $32.6 million (13.7%), real property taxes of $2.9 million (10.9%), tobacco tax of $6.6 million (30.2%), liquid fuel taxes of $2.9 million (27.7%) and limited gaming taxes of $2.4 million (141%) offset by a decrease in income tax collections of $36.6 million (10.3%) and Section 30 federal income taxes of $9.4 million (10.7%). Tax collections were accelerated in fiscal year 2018 through a tax amnesty that permitted delinquent obligations to be paid without penalties and interest if fully paid by taxpayers by the due date. Total tax collections under this amnesty was $29 million. GovGuam's total revenues from governmental activities, including local revenues, totaled $1.26 billion in fiscal year 2018. The cost of governmental activities totaled $1.28 billion, resulting in an increase in the net deficit position before contributions to permanent funds of $16 million.

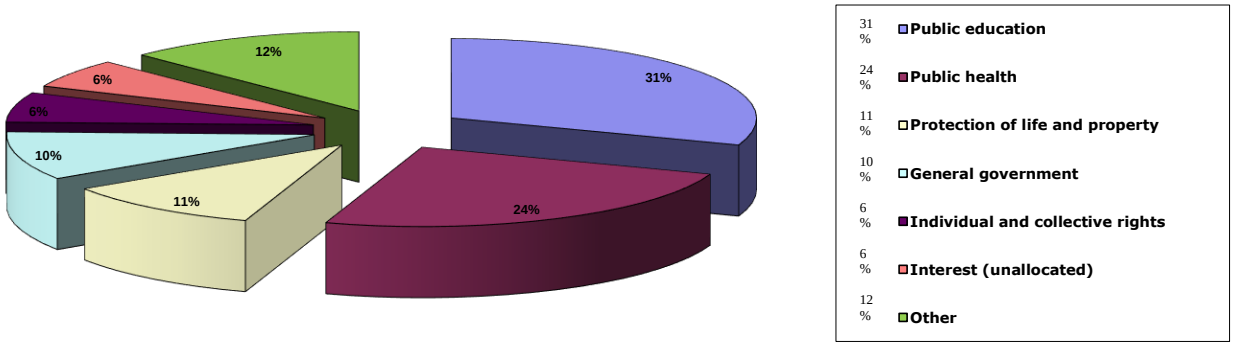
Graphs 4 and 5 below show the major components of revenues and cost of governmental activities.

Graph 4
GovGuam's Revenue Sources
For the Year Ended September 30, 2018



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises 62% and 30%, respectively, of the total revenues for fiscal year 2018. Charges for services and other revenues provided 8% of the total revenues.

Graph 5
GovGuam's Cost of Governmental Activities
For the Year Ended September 30, 2018

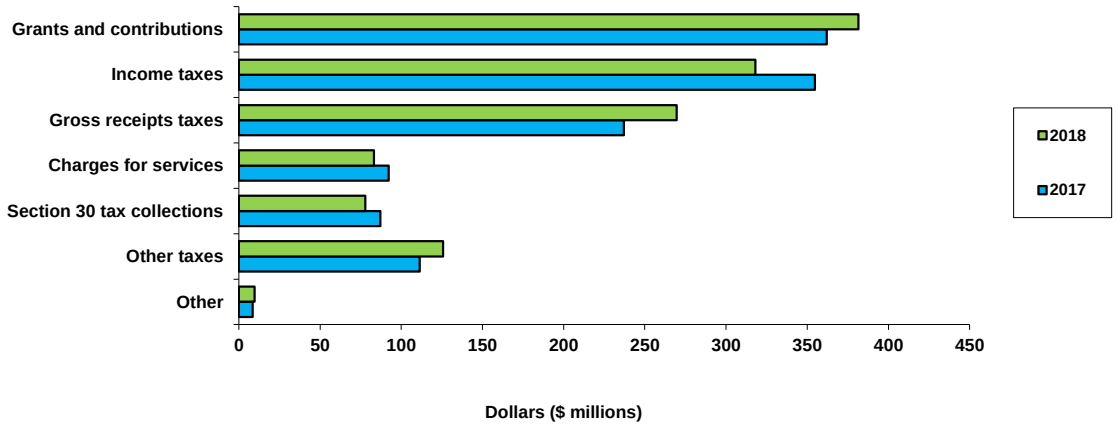


Changes in Net Position, Continued

GovGuam's expenses cover a range of services. The largest expenses were for public education and public health, which comprise 31% and 24%, respectively, of the total expenses for fiscal year 2018. Other expenses that make up a portion of the costs of governmental activities include community services ($41.4 million), transportation ($28.8 million), culture and recreation ($32 million), environmental protection ($43.6 million), and economic development ($14.5 million).

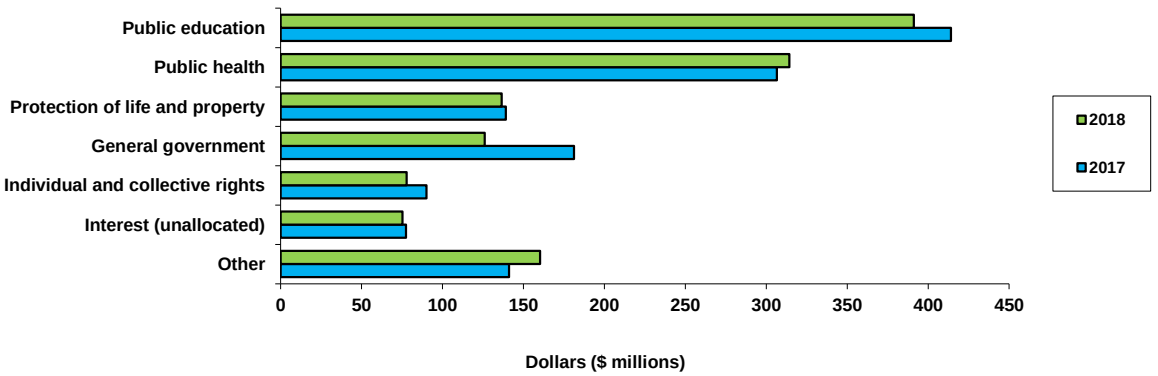
Graphs 6 and 7 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2018 and 2017.

Graph 6
GovGuam's Revenue Sources
For the Years Ended September 30



Other taxes in fiscal year 2018 included hotel occupancy taxes of $43.2 million, down from $44 million (1.9%) in fiscal year 2017; property taxes of $29.9 million, up from $27 million (10.9%) in fiscal year 2017; tobacco taxes of $28.6 million, up from $21.9 million (30.2%) in fiscal year 2017; and liquid fuel taxes of $13.3 million, up from $10.4 million (27.7%) in fiscal year 2017.

Graph 7
GovGuam's Cost of Governmental Activities
For the Years Ended September 30



Changes in Net Position, Continued

Other expenses in fiscal year 2018 included community services of $41.4 million, up from $36.9 million (12%) in fiscal year 2017; culture and recreation expense of $32 million, up from $30.1 million (4.8%) in fiscal year 2017; transportation expenses of $28.8 million, down from $31.4 million (8.1%) in fiscal year 2017; and environmental protection expense of $43.6 million, up from $26.8 million (62.7%) in fiscal year 2017.

Analysis of Changes in Net Position

During the current fiscal year, GovGuam's total net position decreased by $18 million compared with prior fiscal year decrease of $71.3 million. The key element of this change compared with prior fiscal year is a decrease in expenses, net of program revenues, of $78.5 million (or 8.8%), and a decrease in contributions to permanent fund of $27.8 million (or 110%), respectively. The elements of these changes are reflected below:

GovGuam's Changes in Net Position
For the Years Ended September 30

	Governmental Activities 2018	(As Restated) Governmental Activities 2017	Total Percentage Change 2018-2017
General revenues:			
Taxes	$ 791,386,506	$ 790,302,701	0.1%
Other general revenues	9,654,249	8,561,417	12.8%
Total general revenues	**801,040,755**	**798,864,118**	0.3%
Expenses, net of program revenues:			
General government	99,087,707	156,106,452	-36.5%
Protection of life and property	106,368,407	105,227,986	1.1%
Public health	87,679,376	83,965,899	4.4%
Community services	26,656,904	21,346,650	24.9%
Culture and recreation	30,481,867	29,053,618	4.9%
Individual and collective rights	62,864,067	74,635,597	-15.8%
Transportation	(3,086,577)	6,772,343	-145.6%
Public education	318,696,937	345,470,269	-7.7%
Environmental protection	15,852,619	24,674	64148.3%
Economic development	(941,873)	(2,618,482)	-64.0%
Interest (unallocated)	73,152,803	75,338,186	-2.9%
Total expenses, net	**816,812,237**	**895,323,192**	-8.8%
	(15,771,482)	**(96,459,074)**	-83.6%
Contributions to permanent fund	(2,551,195)	25,204,501	-110.1%
Change in net position	**$ (18,322,677)**	**$ (71,254,573)**	-74.3%

Analysis of Changes in Net Position, Continued

General revenues increased marginally by $2.2 million (or 0.3%) from the previous fiscal year. The increase was primarily due to an increase in other general revenues compared with prior year, mainly attributable to a $2.5 million gain on sale of land recognized by the Guam Ancestral Lands Commission. Tax revenue collections remained constant compared with the previous fiscal year including tax amnesty collections; however, there were significant changes within the respective tax revenue categories as follows: income tax collections decreased by $36.6 million (or 10.3%) while Section 30 federal income taxes decreased by $9.4 million (or 10.7%). These decreases were offset by an increase in gross receipts tax collections of $32.6 million (or 13.7%) and other miscellaneous taxes of $14.2 million (or 12.8%). Other taxes in fiscal year 2018 included property taxes of $29.9 million, up from $27 million (10.9%) in fiscal year 2017; tobacco taxes of $28.6 million, up from $21.9 million (30.2%) in fiscal year 2017; and liquid fuel taxes of $13.3 million, up from $10.4 million (27.7%) in fiscal year 2017.

Cost of governmental activity expenses, net of program revenues, decreased by $78.5 million (or 8.8%) primarily due to a decrease in net general government, public education, and individual and collective rights expenses compared with prior year of $57 million (or 36.5%), $26.8 million (or 7.7%) and $11.8 million (or 15.8%), respectively, offset by an increase in net environmental protection expenses of $15.8 million.

Financial Ratios

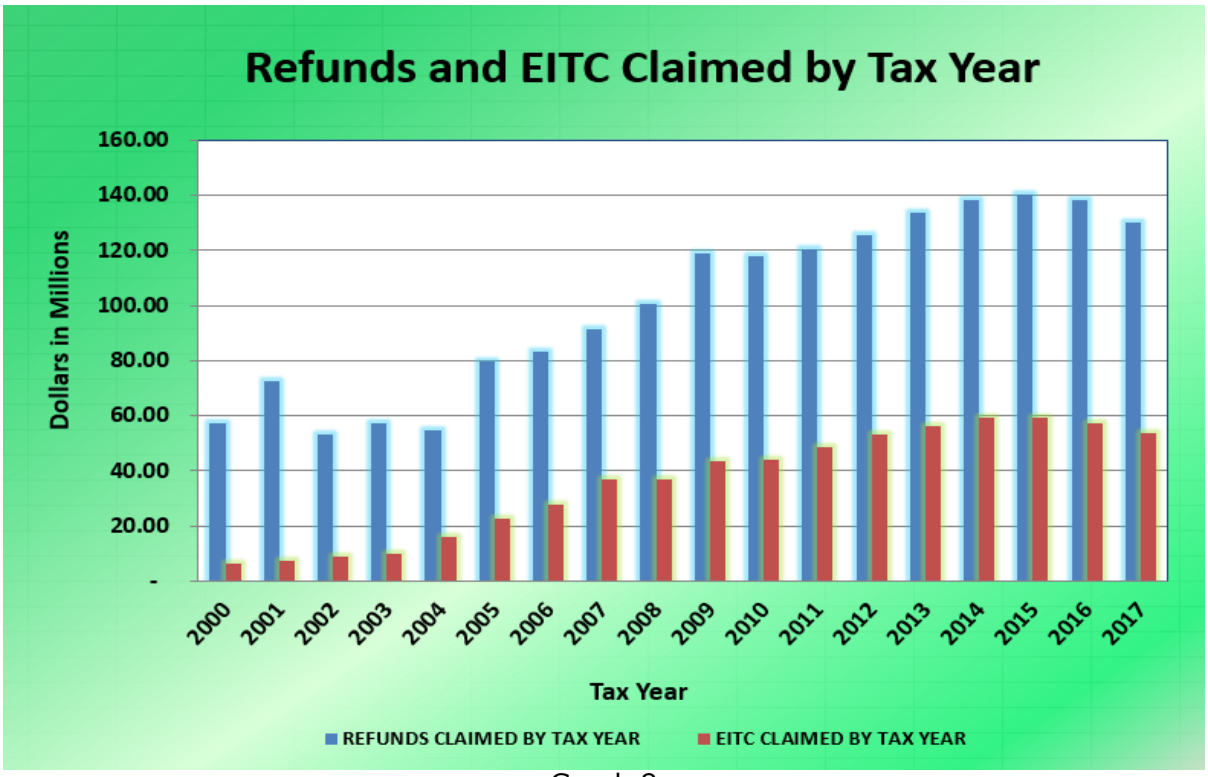
The ratios for Governmental Funds and Government-wide.

	2018	2017
Governmental Funds:		
Current Ratio	2:11:1	2:28:1
Expenditures as a Percentage of Total Expenditures:		
General government	5.80%	6.00%
Protection of Life and property	10.9%	11.0%
Public education (including payments to UOG and GCC)	27.3%	28.4%
Public Health (including payments to GMHA)	24.2%	24.2%
Debt Service	8.30%	8.00%
Government-wide (includes Component Units):		
Public Debt as a percentage of GDP	42.40%	42.90%
Public Debt as a percentage of Revenues	116.5%	119.0%
Public Debt per Capita - Primary Government	$6,497	$6,733
Public Debt per Capita - Component Units	$8,546	$8,518

FINANCIAL ANALYSIS OF GOVGUAM'S FUNDS

As noted earlier, GovGuam uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of fiscal year 2018, GovGuam's governmental funds reported a combined fund balance surplus of $464.3 million, a decrease of $9.9 million compared with a combined fund surplus of $474.2 million at the end of fiscal year 2017. This is primarily attributable to the increase of fund deficit in the General Fund of $10.4 million.

The relationship of Earned Income Tax Credit (EITC) paid compared to the tax refunds paid continues to increase from Tax Year 2000 of 11% to Tax Year 2017 of 41%, which is summarized as follows (Graph 8) measured on an Income Tax year basis (2017 Income Taxes are received in FY2018):



Graph 8

The Federal Grants Assistance Fund has a total fund balance of $0.1 million, which primarily represents accumulated interest income received not yet expended at year-end.

The GDOE Federal Grants Fund has a zero total fund balance at the end of the current fiscal year. Total revenues and transfers in for the GDOE Federal Grants Fund amounted to $67.5 million, which funded various education-related federal grant programs and which was marginally higher than fiscal year 2017 revenues and transfers in of $66.8 million by $0.7 million (1.1%).

The Chamorro Lands Fund has a total fund balance of $458.8 million, which decreased by $2.6 million compared with prior year. This decrease represented a decrease in fair value of land holding investments during the year.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2018, there was a $9.4 million increase in appropriations between the original and final budget for Executive Branch operations due to Public Laws 34-115 and 34-117. Actual revenues collected (including operating transfers in) of $679.6 million were lower than budgeted amounts of $736.8 million by $57.2 million. The net decrease is due primarily to the decrease in income tax collections of $69 million offset by an increase in gross receipts tax of $5.5 million and Section 30 federal income tax of $9.2 million.

Budgetary expenditures (including operating transfers out) of $688.4 million were lower than authorized appropriations of $713.1 million by $24.7 million (or 3.5%). The net decrease is due primarily to cost cutting measures by line agencies of $18 million and unreleased subsidies to autonomous agencies of $12.6 million offset by Landfill Tax Credits of $0.76 million and non-appropriated expenditures of $6.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2018 amounted to $1.81 billion, net of accumulated depreciation of $810 million, leaving a net book value of $998 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below)

GovGuam's Capital Assets
(net of depreciation)
As of September 30, 2018

	Governmental Activities 2018	Governmental Activities 2017	Total Percentage Change 2018-2017
Landfill cells	$ 33,218,075	$ 38,211,280	-13.1%
Buildings	418,102,845	440,395,149	-0.8%
Machinery, equipment and furniture	20,458,344	25,698,690	-20.4%
Infrastructure	413,661,088	413,852,859	0.0%
Land	57,984,847	48,719,357	19.0%
Construction in progress	54,851,146	66,326,604	-17.3%
Total	$ 998,276,345	$ 1,033,203,939	-3.4%

Major capital asset additions for fiscal year 2018 were as follows:

- $24.9 million were additional CIP for Federal Highway Administration (FHWA)
- $2.3 million for Pavement Resurfacing
- $2.8 million for Department of Corrections facility lock systems
- $1.1 million for the Guam Museum
- $0.75 million for acquisition of land for FHWA
- $1.2 million for Tumon Area Upgrade
- $0.45 million for the Fisherman's Co-op

Additional information on GovGuam's capital assets can be found in note 5 to the basic financial statements.

Long-Term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Guam Legislature. At the end of the current fiscal year, GovGuam had total bonded debt outstanding of $1.1 billion. Of this amount, $10.4 million comprises debt backed by the full faith and credit of GovGuam and $1.05 billion is revenue-bonded debt that is payable from and secured solely by the specific revenue sources. In addition to this bonded debt, GovGuam had loans payable and outstanding of $9.6 million at year-end.

A breakdown of GovGuam's total long-term debt is shown below.

GovGuam's Outstanding Debt
As of September 30, 2018

	Governmental Activities 2018	Governmental Activities 2017	Total Percentage Change 2018-2017
General Obligation Bonds			
2009 Series A	$ 10,445,000	$ 15,230,000	-31.4%
Limited Obligation Bonds (revenue backed):			
2011 Series A Hotel Occupancy Tax	77,585,000	79,695,000	-2.6%
2011 Series A Business Privilege Tax	225,755,000	230,485,000	-2.1%
2012 Series B Business Privilege Tax	104,025,000	106,395,000	-2.2%
2013 Series C Business Privilege Tax	4,675,000	9,130,000	-48.8%
2015 Series D Business Privilege Tax	408,405,000	410,485,000	-0.5%
2016 Series A Section 30	232,595,000	234,975,000	-1.0%
Loans payable:			
Guam Congress Building loan	3,853,935	3,946,408	-2.3%
Judicial Building Loan	5,730,009	6,410,910	-10.6%
Total	$ 1,073,068,944	$ 1,096,752,318	-2.2%

GovGuam's total long-term debt decreased by $23.7 million (2.2%) during the current fiscal year. GovGuam's underlying Standard and Poor's Corporation bond ratings were as follows:

- $24 million General Obligation Bonds, 2009 Series A (BB-/Stable).
- $83.6 million Hotel Occupancy Tax Bonds, 2011 Series A (BB/Stable).
- $235 million Business Privilege Tax Bonds, 2011 Series A (BB/Stable).
- $108.7 million Business Privilege Tax Bonds, 2012 Series B (BB/Stable).
- $17.4 million Business Privilege Tax Bonds, 2013 Series C (BB/Stable).
- $410.5 million Business Privilege Tax Bonds, 2015 Series D (BB/Stable).
- $236.6 million Section 30 Bonds, 2016 Series A (BB/Stable).

Moody's Investors Service rates GovGuam's long-term debt as Ba1/Stable.

Long-Term Debt, Continued

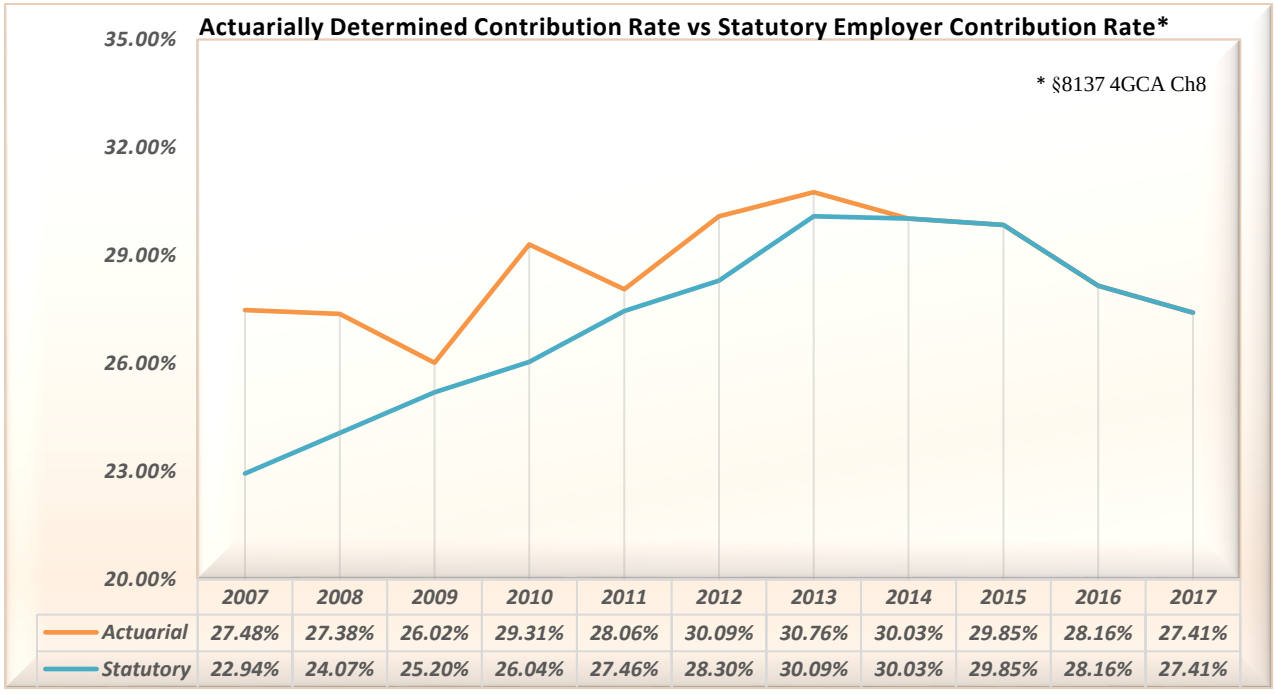
In accordance with the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is $1.32 billion as of October 2018, the date that such certification was performed. Total debt outstanding as of September 30, 2018, subject to the debt ceiling limitation is $1.1 billion. The legal debt margin at September 30, 2018 was $252 million.

Additional information on GovGuam's long-term debt can be found in notes 6 and 7 to the basic financial statements.

GOVGUAM'S PENSION

The Government of Guam closed its defined benefit (DB) plan to new members in 1995 with all new employees participating in a defined contribution (DC) plan. Under 4 GCA, Chapter 8, the Government is required to provide a contribution annually sufficient to pay off existing liabilities by 2031. The Government of Guam Retirement Fund (GGRF) Actuarial Valuation was as of September 30, 2016 is available for review and may be accessed on their website www.ggrf.com. Based on this report:

- The unfunded actuarial accrued liability decreased from $1.298 billion as of September 30, 2015 to $1.249 billion as of September 30, 2016.
- The annual payment required to amortize the unfunded actuarial accrued liability under GCA Section 8137 has increased from $112.1 million to $115.1 million. As a result, the required contribution rate increased to $27.83% of payroll as compared to prior year of $27.41% (Graph 9).
- The Government of Guam funds its unfunded actuarial accrued liability and amortized it over the remaining 14.58 years with sufficient annual contribution to fully pay the liability by 2030.



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarial	27.48%	27.38%	26.02%	29.31%	28.06%	30.09%	30.76%	30.03%	29.85%	28.16%	27.41%
Statutory	22.94%	24.07%	25.20%	26.04%	27.46%	28.30%	30.09%	30.03%	29.85%	28.16%	27.41%

Graph 9

Since 2015, there has been growing concern that insufficient savings by certain members in the defined contribution plan compromised their financial well-being during retirement as well as posing a threat for potential social cost to the government. GovGuam employees do not participate in the U.S. Social Security program. Thus, members upon retirement rely on their pension benefits.

- To address insufficient savings by members in the DC Plan, the Guam Legislature reformed its pensions in 2016, creating two new retirement plans, known as the DB (Defined Benefit) 1.75 and the Guam Retirement Security Plan. The Legislature overrode the Governor's veto to enact the law.

- Existing employees currently participating in the Defined Contribution Retirement System had a nine-month window starting in April 2017 and closing in December 2017 in which they can elect to participate in the new Defined Benefit 1.75 Retirement Plan or remain in the DC plan.

- The law requires those who wish to retire to "buy" their years of service based on an actuarial determine amount from the DC account savings. Participants choosing to opt into the new DB 1.75 Plan will be required to transfer all or a portion of their existing Defined Contribution System account balances to the Retirement Fund. This allows these assets to transfer to the fund to pay out future benefits. It also required increased contributions from the employee at mandatory pre-tax employee contributions equal to 9.5% of base salary in addition to a mandatory 1% contribution to the Deferred Compensation Program.

- As of December 2017 deadline for participants to elect to transfer to the Defined Benefit 1.75 Retirement Plan or the Guam Retirement Security Plan, 3,379 of the 8,947 DC Plan participants elected to transfer to the DB 1.75 Plan. Only 6 participants elected to transfer to the GRSP, which had previously been designated the new default plan. Accordingly these participants, because of low participation and because implementation of the GRSP is considered uncertain pending legislation required to conform the plan to IRC requirements, were permitted to change their elections. GGRF also designated the DC Plan as the GovGuam default plan until the GRSP plan can be fully implemented.

- It had been estimated that the new retirement plans would add $173 million to the unfunded liability and add two years to the amortization period. The resultant unfunded liability has now been combined with the liability arising from the DB Plan. The actuarial valuation of the Plan as of September 30, 2018 has resulted in an overall decrease of $92 million in unfunded liability despite the addition of the DB 1.75 Plan members and retirees.

ECONOMIC FACTORS, BUDGETS, CHALLENGES AND ACCOMPLISHEMENTS

Guam's economy continues to grow driven by strength in tourism and increased construction related to the military build-up. For FY2017, the most up to date data available, Gross Domestic Product is estimated at $5.9 billion (US Department of Commerce, Bureau of Economic Analysis), a 26.8% growth over 10 years.

In FY2018, over 1.5 million visitor arrivals were recorded, continuing Guam's success in attracting tourists from its main target markets of Japan and Korea, while also expanding marketing activities to other areas. Guam Visitors Bureau (GVB) support included a concert by AKB48 and a tour for nearly 30 top level travel executives for the Japan market; sponsored baseball and golf tournaments and other cultural events for the Korean market. GVB is also fostering other markets, including the Philippines, China and the US mainland. Through its support of sporting and cultural events and its involvement in infrastructure upkeep such as Tumon Landscaping and Beach maintenance, GVB continues to promote continued growth in this sector and high room occupancy and increasing hotel room rates support Guam's economy.

The military Build-Up efforts continues with 189 military construction projects in progress. The FY2019 National Defense Authorization Act included $377 million for Guam infrastructure with the draft proposals for FY2020 of over $400 million.

Civilian development continues with the construction of a new 340 room luxury hotel with expected completion in March 2020. Other projects include a planning application for a new 246 room hotel near the airport, infrastructure stimulation at Guam International Airport Authority, Guam Waterworks Authority and Guam Power Authority, new hospitality investments such as Olive Garden, Red Lobster and Jollibee and a proposal by a Japanese retailer to open retail store in Tamuning.

Guam's unemployment rate fell to 3.6% as of September 2018, slightly lower than the U.S. unemployment for the same period of 3.7%. To alleviate labor shortages in April 2019, 97 additional H-2B visas were approved along with 258 extensions. A total of 960 H-2B visa workers are currently on Guam.

In May 2019, the District Court of Guam transferred operations to the Guam Solid Waste Authority, previously performed by the Federal Receiver in May 2019. The Receiver is still tasked with carrying out certain duties, including finalizing, together with USEPA and Guam EPA financing and engineering associated with the Ordot landfill post closure issues and a contract for a new cell at the Layon landfill site. In order to complete this new construction, the Government will issue a $30 million General Obligation Bond with debt service to be met by GSWA tipping fee revenues with no requirements for an increase in fees for this funding.

The Leon Guerrero-Tenorio administration is committed to fiscal responsibility. The Administration has focused on stabilizing the finances, collecting taxes due and reviewing spending priorities. In FY2018, the Government was faced with a severe reduction in revenues as a result of the Tax Cuts and Jobs Act 2017. The budget was balanced by a combination of raising revenues by increasing Business Privilege Tax by 1% to 5% and by constraining spending. The FY2020 Budget submitted by the Governor to the Legislature is based on improving the quality of life for the people of Guam, balancing disciplined spending with the priorities of public safety, a healthy community, promoting local production and developing efficiencies and transparency in government.

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND POPULAR ANNUAL FINANCIAL REPORT

The Government will be publishing a Comprehensive Annual Financial Report, which will contain both financial and statistical data and essential facts about the Government of Guam.

The Popular Annual Financial Report is designed to help citizens understand Government finances in a graphical form.

CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Government of Guam's finances for all of Guam's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the Island's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Division of Accounts, Attention: Gaudencio Rosario, Deputy Financial Manager, P.O. Box 884, Hagatña, Guam 96932. Telephone No: (671) 475-1150/1169 Facsimile: (671) 472-8483 Website Address: www.da.doa.guam.gov.

GOVERNMENT OF GUAM

Statement of Net Position
September 30, 2018

	Primary Government	Component Units
ASSETS		
Cash and cash equivalents	$ 102,407,890	$ 122,346,123
Investments	4,754,234	76,608,321
Receivables, net	116,336,608	166,837,388
Due from primary government	-	17,023,813
Due from component units	2,215,251	-
Due from private purpose trusts	2,109,846	-
Inventories	5,033,990	89,431,298
Prepayments	5,052,821	2,601,595
Deposits and other assets	8,933,112	14,029,022
Restricted assets:		
Cash and cash equivalents	95,030,132	579,272,077
Investments	23,878,380	212,021,668
Unamortized bond issuance costs	-	2,503,448
Capital assets:		
Nondepreciable capital assets	112,835,993	404,868,580
Capital assets, net of accumulated depreciation	885,440,352	1,373,521,393
Land and other real estate	458,751,008	-
Land held for development	-	2,636,152
Total assets	1,822,779,617	3,063,700,878
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding	100,468,307	39,904,423
Deferred outflows from pensions	107,512,592	51,779,023
Deferred outflows from OPEB	166,529,765	74,490,709
Deferred unrecovered fuel costs	-	8,370,542
Deferred forward delivery contract costs	-	477,997
Total deferred outflows of resources	374,510,664	175,022,694
LIABILITIES		
Accounts payable and other current liabilities	82,605,966	88,512,856
Contracts payable	-	37,201,728
Accrued interest payable	16,051,251	27,564,144
Accrued payroll and other	21,448,345	12,900,999
Payable to federal agencies	15,843,297	-
Provision for tax refunds	123,400,041	-
COLA liability	4,531,673	-
Due to primary government	-	2,215,251
Due to component units	17,023,813	-
Unearned revenues	78,231,114	13,470,615
Deposits and other liabilities	16,106,513	49,789,455
Long-term liabilities:		
Due within one year	71,527,401	48,185,635
Due in more than one year	4,041,577,726	2,727,139,353
Total liabilities	4,488,347,140	3,006,980,036
DEFERRED INFLOWS OF RESOURCES		
Deferred forward delivery contract revenues	-	1,752,053
Deferred inflows from pensions	41,986,479	21,425,201
Deferred inflows from OPEB	145,125,840	68,939,598
Deferred gain on refunding	-	172,676
Total deferred inflows of resources	187,112,319	92,289,528
NET POSITION		
Net investment in capital assets	507,682,196	674,401,393
Restricted for:		
Capital projects	8,498,381	73,535,864
Retirement of indebtedness	77,409,030	11,068,906
Endowment - nonexpendable	458,751,008	9,306,127
Public health	19,719,024	-
Environmental protection	15,695,932	-
Other purposes	43,133,840	140,968,524
Unrestricted	(3,609,058,589)	(769,826,806)
Total net position	$ (2,478,169,178)	$ 139,454,008

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:						
Governmental Activities:						
General government	$ 126,118,109	$ 17,722,751	$ 9,307,651	$ -	$ (99,087,707)	$ -
Protection of life and property	136,607,357	20,405,322	9,833,628	-	(106,368,407)	-
Public health	314,209,429	4,909,982	221,620,071	-	(87,679,376)	-
Community services	41,353,330	1,920	14,694,506	-	(26,656,904)	-
Culture and recreation	32,016,147	731,088	803,192	-	(30,481,867)	-
Individual and collective rights	77,893,126	2,827,464	12,201,595	-	(62,864,067)	-
Transportation	28,823,419	9,826,637	22,083,359	-	3,086,577	-
Public education	391,227,309	2,998,571	69,531,801	-	(318,696,937)	-
Environmental protection	43,593,595	23,118,998	4,621,978	-	(15,852,619)	-
Economic development	14,481,753	691,204	14,732,422	-	941,873	-
Interest (unallocated)	75,188,590	-	2,035,787	-	(73,152,803)	-
Total primary government	$ 1,281,512,164	$ 83,233,937	$ 381,465,990	$ -	(816,812,237)	-
Component Units:						
Antonio B. Won Pat International Airport Authority	$ 85,195,952	$ 76,010,942	$ 413,100	$ 7,928,287	-	(843,623)
Guam Community College	32,128,757	5,818,513	11,457,483	-	-	(14,852,761)
Guam Housing and Urban Renewal Authority	45,093,782	1,774,208	40,849,623	536,500	-	(1,933,451)
Guam Memorial Hospital Authority	124,061,476	90,393,262	1,020,572	5,470,881	-	(27,176,761)
Guam Power Authority	376,096,538	379,868,205	1,438,655	-	-	5,210,322
Guam Waterworks Authority	101,748,671	107,575,041	-	15,208,707	-	21,035,077
Port Authority of Guam	54,941,308	54,329,727	275,548	233,332	-	(102,701)
University of Guam	102,729,912	23,574,940	33,660,318	-	-	(45,494,654)
Nonmajor component units	38,222,856	9,149,378	713,923	-	-	(28,359,555)
	$ 960,219,252	$ 748,494,216	$ 89,829,222	$ 29,377,707	-	(92,518,107)
	General revenues:					
	Taxes:					
	Income				318,123,595	-
	Gross receipts				269,684,874	-
	Section 30 Federal income tax collections				77,795,541	-
	Hotel occupancy				43,181,165	-
	Property				29,932,932	-
	Tobacco				28,562,068	-
	Liquid fuel				13,297,415	-
	Alcoholic beverages				3,676,775	-
	Excise				2,728,034	-
	Limited gaming				4,140,378	-
	Investment earnings				263,729	13,774,337
	Contributions from primary government				-	109,929,782
	Other				9,654,249	1,665,934
	Total general revenues				801,040,755	125,370,053
	Extraordinary item				-	1,920,434
	Contributions to permanent fund				(2,551,195)	-
	Total general revenues, extraordinary items and contributions to permanent fund				798,489,560	127,290,487
	Change in net position				(18,322,677)	34,772,380
	Net position at beginning of year, as previously reported				(889,493,533)	811,476,808
	Implementation of GASB Statement No. 75 (Note 1X)				(1,541,331,181)	(705,149,415)
	Overstatement of capital assets (Note 15)				(29,021,787)	(1,645,765)
	Net position at beginning of year, as restated				(2,459,846,501)	104,681,628
	Net position at end of year				$ (2,478,169,178)	$ 139,454,008

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet
Governmental Funds
September 30, 2018

	General	Special Revenue: Federal Grants Assistance	Special Revenue: GDOE Federal Grants	Permanent: Chamorro Lands	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 56,072,078	$ 1,431,646	$ 911,868	$ -	$ 43,992,298	$ 102,407,890
Investments	209,702	-	-	-	4,544,532	4,754,234
Land and other real estate	-	-	-	458,751,008	-	458,751,008
Receivables, net:						
Taxes	55,147,775	-	-	-	6,964,874	62,112,649
Federal agencies	3,165,193	36,147,912	9,171,721	-	-	48,484,826
Other	1,137,127	-	-	-	4,602,006	5,739,133
Due from component units	-	-	-	-	2,215,251	2,215,251
Due from other funds	36,078,334	-	-	-	22,813,864	58,892,198
Due from private purpose trust funds	2,109,846	-	-	-	-	2,109,846
Inventories	5,033,990	-	-	-	-	5,033,990
Prepayments	4,959,406	-	8,065	-	85,350	5,052,821
Deposits and other assets	7,931,994	-	-	-	1,118	7,933,112
Restricted assets:						
Cash and cash equivalents	86,590,654	-	-	-	8,439,478	95,030,132
Investments	-	-	-	-	23,878,380	23,878,380
Total assets	$ 258,436,099	$ 37,579,558	$ 10,091,654	$ 458,751,008	$ 117,537,151	$ 882,395,470
LIABILITIES AND FUND BALANCES (DEFICIT)						
Accounts payable	$ 72,080,107	$ 375,539	$ 3,925,025	$ -	$ 6,225,295	$ 82,605,966
Accrued payroll and other	13,382,558	1,460,653	3,541,740	-	3,063,394	21,448,345
Due to component units	13,881,863	-	-	-	3,141,950	17,023,813
Due to other funds	22,813,864	21,233,194	1,144,158	-	13,700,982	58,892,198
Payable to federal agencies	-	14,362,566	1,480,731	-	-	15,843,297
Unearned revenues	77,046,768	-	-	-	1,184,346	78,231,114
Provision for tax refunds	123,400,041	-	-	-	-	123,400,041
COLA liability	4,531,673	-	-	-	-	4,531,673
Deposits and other liabilities	14,748,088	-	-	-	1,358,425	16,106,513
Total liabilities	341,884,962	37,431,952	10,091,654	-	28,674,392	418,082,960
Fund balances (deficit):						
Non-spendable	3,610,374	-	-	458,751,008	-	462,361,382
Restricted	86,096,270	-	-	-	39,632,622	125,728,892
Committed	11,441,305	-	-	-	51,031,938	62,473,243
Assigned	-	147,606	-	-	-	147,606
Unassigned:						
General fund	(184,596,812)	-	-	-	-	(184,596,812)
Special revenue funds	-	-	-	-	(1,801,801)	(1,801,801)
Total fund balances (deficit)	(83,448,863)	147,606	-	458,751,008	88,862,759	464,312,510
Total liabilities and fund balances (deficit)	$ 258,436,099	$ 37,579,558	$ 10,091,654	$ 458,751,008	$ 117,537,151	$ 882,395,470

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2018

Total fund balance - governmental funds		$ 464,312,510
Amounts reported for governmental activities in the statement of net position are different because:		
Maintenance costs associated with capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		1,000,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 57,984,847	
Construction in progress	54,851,146	
Depreciable capital assets and infrastructure	1,695,386,533	
Accumulated depreciation	(809,946,181)	
Capital assets, net of accumulated depreciation		998,276,345
Accrued interest payable is not recognized in governmental funds		(16,051,251)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities include:		
Bonds payable	(1,154,077,482)	
Notes payable	(9,583,944)	
Capital lease obligations	(192,087,869)	
Due to IRS	(19,937,926)	
Tax credits payable	(3,639,101)	
Net pension liability	(1,005,171,481)	
OPEB liability	(1,669,874,024)	
Compensated absences payable	(21,510,948)	
DCRS sick leave liability	(17,210,266)	
Landfill closure and postclosure costs	(20,012,086)	
Long-term liabilities		(4,113,105,127)
Deferred outflows of resources are charged to future periods and are not reported in the funds. Those deferred outflows consist of:		
Deferred loss on refunding	100,468,307	
Deferred outflows from pensions	107,512,592	
Deferred outflows from OPEB	166,529,765	
		374,510,664
Deferred inflows of resources benefit future periods and are not reported in the funds. Those deferred inflows consist of:		
Deferred inflows from pensions	(41,986,479)	
Deferred inflows from OPEB	(145,125,840)	
		(187,112,319)
Net position of governmental activities		$ (2,478,169,178)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Governmental Funds
Year Ended September 30, 2018

	General	Special Revenue: Federal Grants Assistance	Special Revenue: GDOE Federal Grants	Permanent: Chamorro Lands	Other Governmental Funds	Total
Revenues:						
Taxes	$ 668,332,044	$ -	$ -	$ -	$ 122,790,733	$ 791,122,777
Intergovernmental	3,526,327	312,724,142	59,696,828	-	2,122,703	378,070,000
Licenses and permits	464,599	-	-	-	54,991,136	55,455,735
Charges for services	4,463,121	-	178,138	-	21,644,169	26,285,428
Fines and forfeits	889,391	-	-	-	603,383	1,492,774
Interest and investment earnings	66,555	-	-	(2,551,195)	197,174	(2,287,466)
Indirect cost reimbursement	4,043	-	-	-	-	4,043
Contributions from component units	3,391,947	-	-	-	-	3,391,947
Other	6,888,658	-	-	-	2,765,591	9,654,249
Total revenues	688,026,685	312,724,142	59,874,966	(2,551,195)	205,114,889	1,263,189,487
Expenditures:						
Current:						
General government	47,580,536	7,785,318	-	-	18,436,895	73,802,749
Protection of life and property	104,749,741	9,833,628	-	-	23,455,718	138,039,087
Public health	7,758,976	250,096,069	-	-	26,113,430	283,968,475
Community services	26,436,813	14,694,506	-	-	1,667	41,132,986
Recreation	892,879	803,192	-	-	3,704,300	5,400,371
Individual and collective rights	45,648,629	10,234,346	-	-	15,617,950	71,500,925
Transportation	-	22,083,359	-	-	13,159,030	35,242,389
Public education	222,916,071	2,173,423	59,910,616	-	6,834,114	291,834,224
Environmental protection	62,091	4,621,978	-	-	26,268,351	30,952,420
Economic development	3,946,208	5,028,820	-	-	737,611	9,712,639
Payments to:						
GovGuam Retirement Fund	3,917,000	-	-	-	-	3,917,000
Guam Community College	19,359,937	-	-	-	649,668	20,009,605
Guam Memorial Hospital Authority	17,575,215	3,346,809	-	-	5,044,340	25,966,364
Guam Power Authority	-	2,033,772	-	-	-	2,033,772
Guam Preservation Trust	-	-	-	-	475,000	475,000
Guam Visitors Bureau	-	-	-	-	26,703,484	26,703,484
Port Authority of Guam	-	270,513	-	-	-	270,513
University of Guam	30,748,776	-	-	-	4,338,619	35,087,395
Miscellaneous appropriations	62,051,620	-	-	-	206,496	62,258,116
Capital projects	-	5,923,947	-	-	3,479,723	9,403,670
Debt service:						
Principal retirement	24,839,147	-	3,935,000	-	2,883,374	31,657,521
Interest and fiscal charges	65,320,600	-	3,690,900	-	5,424,606	74,436,106
Total expenditures	683,804,239	338,929,680	67,536,516	-	183,534,376	1,273,804,811
Excess (deficiency) of revenues over (under) expenditures	4,222,446	(26,205,538)	(7,661,550)	(2,551,195)	21,580,513	(10,615,324)
Other financing sources (uses):						
Transfers in from other funds	27,612,593	33,949,553	7,661,550	-	17,223,685	86,447,381
Transfers out to other funds	(42,281,270)	(7,661,550)	-	-	(35,794,909)	(85,737,729)
Total other financing sources (uses), net	(14,668,677)	26,288,003	7,661,550	-	(18,571,224)	709,652
Net change in fund balances (deficit)	(10,446,231)	82,465	-	(2,551,195)	3,009,289	(9,905,672)
Fund balances (deficit) at beginning of year	(73,002,632)	65,141	-	461,302,203	85,853,470	474,218,182
Fund balances (deficit) at end of year	$ (83,448,863)	$ 147,606	$ -	$ 458,751,008	$ 88,862,759	$ 464,312,510

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended September 30, 2018

Total net change in fund balances - governmental funds		$ (9,905,672)
Amounts reported for governmental activities in the statement of activities are different because:		
Prepayment of capital lease obligations in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:		
Guam Department of Education capital lease		(906,574)
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year, these amounts consist of:		
Capital outlays, net of disposals	$ 37,066,069	
Depreciation expense	(71,993,663)	
		(34,927,594)
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. For the current year, these amounts consist of:		
Repayment of General Obligation bonds	4,785,000	
Repayment of Limited Obligation bonds	4,490,000	
Repayment of Business Privilege Tax bonds	13,635,000	
Repayment of loans	773,374	
Repayment of capital leases	7,974,147	
Reduction in tax credits payable	1,187,023	
Amortization of loss on defeasance	(5,349,024)	
Amortization of bond premiums	4,389,882	
Amortization of bond discounts	(189,108)	
		31,696,294
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year, these activities consist of:		
Change in accrued interest payable	2,321,897	
Change in compensated absences payable	4,605,355	
Change in landfill closure and postclosure care costs	(3,825,999)	
Change in DCRS sick leave liability	17,508,497	
Net pension activity	82,250,037	
Net OPEB activity	(107,138,918)	
		(4,279,131)
Change in net position of governmental activities		$ (18,322,677)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Fiduciary Funds
September 30, 2018

	Pension Trust	Private Purpose Trust	Agency Fund
ASSETS			
Cash and cash equivalents	$ 8,740,747	$ 15,625,078	$ -
Time certificates of deposit	-	1,000,000	-
Investments at fair value:			
Common stocks	1,363,025,724	-	-
U.S. Government securities	207,209,221	-	-
Corporate bonds and notes	341,684,213	-	-
Money market funds	26,130,425	-	-
Mutual funds	413,368,875	-	-
DC plan forfeitures	6,495,957	-	-
Total investments	2,357,914,415	-	-
Accounts receivable:			
Employer contributions	8,182,606	-	-
Member contributions	2,271,935	-	-
Interest and penalties on contributions	202,039	-	-
Accrued investment income	5,882,874	-	-
Due from brokers for unsettled trades	4,096,366	-	-
Service credits	3,185,369	-	-
Supplemental/Insurance benefits advanced	1,996,097	-	-
Other	1,492,755	-	-
Total receivables	27,310,041	-	-
Deposits and other assets	-	-	13,317,866
Capital assets	666,656	-	-
Total assets	2,394,631,859	16,625,078	$ 13,317,866
DEFERRED OUTFLOWS OF RESOURCES			
Deferred supplemental COLA payments	20,456,178	-	
Deferred outflows of resources from pensions	791,550	-	
Deferred outflows of resources from OPEB	835,567	-	
Total deferred outflows from resources	22,083,295	-	
LIABILITIES			
Unearned revenue	3,444,429	-	$ -
Accounts payable and accrued expenses	4,365,181	-	-
Accrued payroll and other	726,713	-	-
Due to other funds	-	2,109,846	-
Deposits and other liabilities	-	12,287,051	13,317,866
Due to brokers for unsettled trades	6,908,827	-	-
Net pension liability	5,660,719		
OPEB liability	11,237,415	-	-
Total liabilities	32,343,284	14,396,897	$ 13,317,866
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	286,614	-	
Deferred inflows of resources from OPEB	1,218,849	-	
Total deferred inflows from resources	1,505,463	-	
NET POSITION			
Restricted for:			
Employees' pension benefits	2,382,866,407	-	
Individuals, organizations and other governments	-	2,228,181	
Total net position	$ 2,382,866,407	$ 2,228,181	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended September 30, 2018

	Pension Trust	Private Purpose Trust
Additions:		
Contributions:		
Employer contributions	$ 142,990,228	$ -
Member contributions	44,719,718	-
Use of money and property	-	2,070,902
Transfers in from other funds	-	162,875
Total contributions and revenues	187,709,946	2,233,777
Net investment income:		
Net increase in fair value of investments	89,422,029	-
Interest	49,312,213	-
Dividends	14,442,841	-
Other	995,419	-
Total investment income	154,172,502	-
Less: investment expenses	5,698,591	-
Net investment income	148,473,911	-
Total additions	336,183,857	2,233,777
Deductions:		
Benefits	219,043,804	-
Refunds	32,953,089	-
Interest on refunded contributions	516,037	-
Administrative and general expense	6,219,909	-
Individual and collective rights	-	2,095,923
Transfers out to other funds	-	872,527
Total deductions	258,732,839	2,968,450
Change in net position held in trust for:		
Employees' pension benefits	77,451,018	-
Individuals, organizations, and other governments	-	(734,673)
	77,451,018	(734,673)
Net position at beginning of year, as previously reported	2,316,342,916	2,962,854
Implementation of GASB Statement No. 75 (Note 1X)	(10,927,527)	-
Net position at beginning of year, as restated	2,305,415,389	2,962,854
Net position at end of year	$ 2,382,866,407	$ 2,228,181

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Position
Component Units
September 30, 2018

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
ASSETS										
Cash and cash equivalents	$ 633,398	$ 11,809,125	$ 12,119,698	$ 1,220,606	$ 37,805,471	$ 3,094,379	$ 17,962,443	$ 8,250,391	$ 29,450,612	$ 122,346,123
Investments	-	4,001,164	-	-	39,026,659	-	-	22,580,465	11,000,033	76,608,321
Receivables, net	12,082,125	6,785,882	5,622,271	33,744,052	37,851,906	21,778,609	5,532,398	14,159,043	29,281,102	166,837,388
Due from primary government	-	4,907,003	-	8,974,860	-	-	-	1,102,349	2,039,601	17,023,813
Inventories	567,236	547,766	260,370	2,592,409	80,805,175	3,342,557	633,143	674,936	7,706	89,431,298
Prepayments	-	557,844	84,779	148,020	979,829	677,828	58,055	-	95,240	2,601,595
Deposits and other assets	-	5,240,274	-	-	-	-	-	8,152,812	635,936	14,029,022
Restricted assets:										
Cash and cash equivalents	24,558,140	356,694	2,927,666	-	163,675,127	287,080,574	88,963,915	2,247,252	9,462,709	579,272,077
Investments	124,242,276	13,499,862	-	-	38,989,346	-	-	33,038,867	2,251,317	212,021,668
Unamortized bond issuance costs	-	-	-	-	2,503,448	-	-	-	-	2,503,448
Capital assets:										
Nondepreciable capital assets	143,588,374	3,775,161	3,675,882	1,050,143	40,091,847	182,125,046	6,466,205	4,927,532	19,168,390	404,868,580
Capital assets, net of accumulated depreciation	298,075,172	29,569,212	16,696,939	28,581,403	453,695,490	367,566,306	112,138,207	61,314,906	5,883,758	1,373,521,393
Land held for development	-	-	2,636,152	-	-	-	-	-	-	2,636,152
Total assets	603,746,721	81,049,987	44,023,757	76,311,493	895,424,298	865,665,299	231,754,366	156,448,553	109,276,404	3,063,700,878
DEFERRED OUTFLOWS OF RESOURCES										
Deferred amount on refunding	-	-	-	-	27,093,636	12,810,787	-	-	-	39,904,423
Deferred outflows from pensions	3,794,526	4,564,210	1,646,992	12,981,760	8,932,987	4,220,075	6,089,779	7,776,753	1,771,941	51,779,023
Deferred outflows from OPEB	4,323,359	5,330,040	1,374,419	18,913,125	13,798,017	9,070,814	8,188,307	11,072,936	2,419,692	74,490,709
Unrecovered fuel costs	-	-	-	-	8,370,542	-	-	-	-	8,370,542
Deferred forward delivery contract costs	-	-	-	-	477,997	-	-	-	-	477,997
Total deferred outflows of resources	8,117,885	9,894,250	3,021,411	31,894,885	58,673,179	26,101,676	14,278,086	18,849,689	4,191,633	175,022,694
LIABILITIES										
Accounts payable	4,099,230	1,701,857	324,352	15,978,016	48,424,470	4,240,923	2,959,550	5,469,808	5,314,650	88,512,856
Contracts payable	11,200,853	320,083	-	-	-	25,680,792	-	-	-	37,201,728
Accrued interest payable	5,934,250	-	-	-	14,745,285	6,427,669	-	-	456,940	27,564,144
Accrued payroll and other	4,651,520	63,854	521,171	2,965,202	1,949,080	1,606,121	809,758	-	334,293	12,900,999
Due to primary government	2,215,251	-	-	-	-	-	-	-	-	2,215,251
Unearned revenue	-	1,770,971	1,581,756	-	-	-	276,547	9,464,117	377,224	13,470,615
Deposits and other liabilities	2,434,277	4,851,830	5,329,022	2,195,921	29,118,103	3,441,413	1,065,406	350,835	1,002,648	49,789,455
Long-term liabilities:										
Due within one year	13,629,137	302,967	140,046	1,827,469	17,344,234	9,526,252	2,587,947	1,139,654	1,687,929	48,185,635
Due in more than one year	280,459,537	89,522,136	28,497,955	310,761,009	840,736,217	666,009,768	216,363,441	224,961,307	69,827,983	2,727,139,353
Total liabilities	324,624,055	98,533,698	36,394,302	333,727,617	952,317,389	716,932,938	224,062,649	241,385,721	79,001,667	3,006,980,036
DEFERRED INFLOWS OF RESOURCES										
Deferred forward delivery contract revenues	-	-	-	-	1,752,053	-	-	-	-	1,752,053
Deferred inflows from pensions	1,464,826	1,546,837	524,945	5,406,690	3,532,642	1,857,164	2,787,692	3,541,353	763,052	21,425,201
Deferred inflows from OPEB	4,114,765	4,262,357	1,278,915	15,257,429	14,804,043	8,741,900	7,265,551	10,884,237	2,330,401	68,939,598
Deferred amount on refunding	172,676	-	-	-	-	-	-	-	-	172,676
Total deferred inflows of resources	5,752,267	5,809,194	1,803,860	20,664,119	20,088,738	10,599,064	10,053,243	14,425,590	3,093,453	92,289,528
NET POSITION										
Net investment in capital assets	227,626,465	30,165,433	22,140,139	29,631,546	(38,960,028)	243,581,010	89,898,503	55,174,877	15,143,448	674,401,393
Restricted:										
Capital projects	63,351,017	-	-	-	-	10,184,847	-	-	-	73,535,864
Retirement of indebtedness	-	-	-	-	3,945,052	7,123,854	-	-	-	11,068,906
Endowment - nonexpendable	-	43,629	-	-	-	-	-	9,262,498	-	9,306,127
Other purposes	-	15,599,515	1,504,345	-	15,805,302	370,627	30,475,208	45,329,172	31,884,355	140,968,524
Unrestricted (deficit)	(9,489,198)	(59,207,232)	(14,797,478)	(275,816,904)	901,024	(97,025,365)	(108,457,151)	(190,279,616)	(15,654,886)	(769,826,806)
Total net position	$ 281,488,284	$ (13,398,655)	$ 8,847,006	$ (246,185,358)	$ (18,308,650)	$ 164,234,973	$ 11,916,560	$ (80,513,069)	$ 31,372,917	$ 139,454,008

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Position
Component Units
Year Ended September 30, 2018

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Non-major Component Units	Total
Expenses	$ 85,195,952	$ 32,128,757	$ 45,093,782	$ 124,061,476	$ 376,096,538	$ 101,748,671	$ 54,941,308	$ 102,729,912	$ 38,222,856	$ 960,219,252
Program revenues:										
Charges for services	76,010,942	5,818,513	1,774,208	90,393,262	379,868,205	107,575,041	54,329,727	23,574,940	9,149,378	748,494,216
Operating grants and contributions	413,100	11,457,483	40,849,623	1,020,572	1,438,655	-	275,548	33,660,318	713,923	89,829,222
Capital grants and contributions	7,928,287	-	536,500	5,470,881	-	15,208,707	233,332	-	-	29,377,707
Total program revenues	84,352,329	17,275,996	43,160,331	96,884,715	381,306,860	122,783,748	54,838,607	57,235,258	9,863,301	867,701,145
Net program revenues (expenses)	(843,623)	(14,852,761)	(1,933,451)	(27,176,761)	5,210,322	21,035,077	(102,701)	(45,494,654)	(28,359,555)	(92,518,107)
General revenues:										
Payments from GovGuam	11,368	21,722,167	-	23,872,794	-	-	-	36,755,391	27,568,062	109,929,782
Investment earnings	2,077,360	796,851	13,853	-	3,260,339	3,778,449	-	3,289,593	557,892	13,774,337
Other	-	281,788	216,382	-	-	-	-	775,879	391,885	1,665,934
Extraordinary items	-	-	-	-	1,920,434	-	-	-	-	1,920,434
Total general revenues and extraordinary items	2,088,728	22,800,806	230,235	23,872,794	5,180,773	3,778,449	-	40,820,863	28,517,839	127,290,487
Change in net position	1,245,105	7,948,045	(1,703,216)	(3,303,967)	10,391,095	24,813,526	(102,701)	(4,673,791)	158,284	34,772,380
Net position at beginning of year, as previously reported	324,957,080	24,407,811	24,141,769	(80,086,171)	110,176,557	222,941,771	91,037,171	40,907,588	52,993,232	811,476,808
Implementation of GASB Statement No. 75 (Note 1X)	(43,068,136)	(45,754,511)	(13,591,547)	(162,795,220)	(138,876,302)	(83,520,324)	(79,017,910)	(116,746,866)	(21,778,599)	(705,149,415)
Overstatement of capital assets	(1,645,765)	-	-	-	-	-	-	-	-	(1,645,765)
Net position at beginning of year, as restated	280,243,179	(21,346,700)	10,550,222	(242,881,391)	(28,699,745)	139,421,447	12,019,261	(75,839,278)	31,214,633	104,681,628
Net position at the end of the year	$ 281,488,284	$ (13,398,655)	$ 8,847,006	$ (246,185,358)	$ (18,308,650)	$ 164,234,973	$ 11,916,560	$ (80,513,069)	$ 31,372,917	$ 139,454,008

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The accompanying basic financial statements of the Government of Guam (GovGuam) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. GovGuam's significant accounting policies are described below:

A. Reporting Entity

Guam is an unincorporated territory of the United States of America with policy relations between Guam and the United States under the jurisdiction of the Office of Insular Affairs, U.S. Department of the Interior. In 1950, the U.S. Congress provided Guam with an Organic Act that organized GovGuam as a constitutional government comprised of locally elected executive and legislative branches and an appointed judicial branch. In addition, Guam has an elected representative to the U.S. Congress who possesses the same powers and privileges as representatives from the various States, with the exception of voting on the House floor.

The Executive Branch consists of a popularly elected Governor and Lieutenant Governor, each serving a four-year term, with executive department heads appointed by the Governor with the consent of the Guam legislature. The Legislative Branch is a unicameral parliament consisting of 15 members elected for a term of two years. The Judicial Branch is comprised of the Supreme Court of Guam and a Territorial Superior Court with judges appointed for eight-year terms by the Governor. Under the Organic Act, GovGuam is required to submit to the U.S. Congress and the Secretary of the Interior a comprehensive annual financial report in conformance with the standards of the National Council on Governmental Accounting within 120 days after the close of the fiscal year; however, GovGuam has not complied with this requirement.

For financial reporting purposes, GovGuam has included all funds, organizations, agencies, boards, commissions and institutions. GovGuam has also considered all potential component units for which it is financially accountable as well as other entities for which the nature and significance of their relationship with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether GovGuam, as the primary government, has appointed a voting majority of an organization's governing body and either has the ability to impose its will on that organization or there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on GovGuam. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board. Each component unit of GovGuam has a September 30 year-end.

Component units are entities that are legally separate organizations for which GovGuam's elected officials are financially accountable or other organizations for which the nature and significance of their relationship with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. GovGuam is financially accountable because it appoints the members of the governing authorities of each of the component units and because it is able to impose its will on these organizations or because the organizations provide specific financial benefits or impose specific financial burdens on GovGuam.

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

The financial statements of the component units have been included in the financial reporting entity as discretely presented component units in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The component units' column of the basic financial statements includes the financial data of the following discretely presented component units:

(a) Antonio B. Won Pat International Airport Authority (AWPIAA), formerly known as the Guam International Airport Authority, was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. AWPIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven-member Board of Directors, all of whom are appointed by the Governor of Guam. AWPIAA is fiscally dependent upon GovGuam whereby AWPIAA cannot issue bonded debt without legislative approval.

(b) Guam Community College (GCC) was created by Public Law 14-77, "The Community College Act of 1977". GCC is governed by a nine-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GCC through legislative appropriations.

(c) Guam Housing and Urban Renewal Authority (GHURA) was created by Government Code, Vol. II, Title XIV, Chapter X, 13902. GHURA's purpose is to promote the health, safety and welfare of the people of Guam by eliminating slum and blight conditions, by the orderly redevelopment and renewal of communities, by proper planning of community development and by provision of safe, decent and sanitary dwellings for low-income families, through all available Federal and local governmental programs. The Board of Commissioners of GHURA is appointed by the Governor of Guam. GovGuam has the ability to impose its will on GHURA.

(d) Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality of GovGuam to administer and operate the Guam Memorial Hospital. GMHA is governed by a seven-member Board of Trustees, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to GMHA through legislative appropriations.

(e) Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five-member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms. GPA is fiscally dependent upon GovGuam whereby GPA cannot issue bonded debt without legislative approval.

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

(f) Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees charged to residential, commercial and government customers, based on consumption, and is governed by the CCU. GWA is fiscally dependent upon GovGuam whereby GWA cannot issue bonded debt without legislative approval.

(g) Port Authority of Guam (PAG) was created by Public Law 13-87 as an autonomous instrumentality of GovGuam to own and operate the facilities of the Commercial Port of Guam. PAG is governed by a five-member Board of Directors, all of whom are appointed by the Governor of Guam. PAG is fiscally dependent upon GovGuam whereby PAG cannot issue bonded debt without legislative approval.

(h) University of Guam (UOG) was created by Public Law 13-194 and is responsible for operating Guam's institution of higher education. UOG is governed by a nine-member Board of Regents, all of whom are appointed by the Governor of Guam. GovGuam provides financial support to UOG through legislative appropriations.

In addition, the financial data of the following nonmajor component units are included - Guam Housing Corporation, Guam Economic Development Authority, Guam Visitors Bureau, Guam Preservation Trust, and Guam Educational Telecommunications Corporation (PBS GUAM).

Fiduciary component units are subject to legislative and executive controls. These component units, while meeting the definition of a component unit and while legally separate, are presented in the fund financial statements of GovGuam. They have been omitted from the government-wide financial statements as their resources are not available to fund operations of GovGuam. The fiduciary component units are as follows:

(a) GovGuam Retirement Fund (GGRF) has been blended into GovGuam's financial statements. The governing body consists of a seven-member Board of Trustees. Two members are elected by active Fund members; two members are elected by GGRF members among the roster of retirees; and three members are appointed by the Governor of Guam. GGRF was enacted to provide retirement amenities and other benefits to GovGuam employees, who upon entry to service are eligible for membership. GGRF is reported as if it were part of the primary government because of the fiduciary responsibility that GovGuam retains relative to the operations of GGRF. The operations of GGRF are reported as a Fiduciary Fund Type - Pension Trust Fund.

GovGuam's component units, departments, and funds that are separately audited issue their own basic financial statements, each of which has a September 30 year-end. These statements may be obtained by directly contacting the various entities' administrative offices or at the web site of the Office of Public Accountability - www.opaguam.org.

A. B. Won Pat International Airport Authority
P.O. Box 8770
Tamuning, GU 96931

Guam Memorial Hospital Authority
850 Governor Carlos G. Camacho Rd.
Tamuning, GU 96913

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

Guam Power Authority
P.O. Box 2977
Hagatna, GU 96932

Guam Waterworks Authority
P.O. Box 3010
Hagatna, GU 96932

Port Authority of Guam
1026 Cabras Hwy, Ste. 201
Piti, GU 96925

University of Guam
University Drive
Mangilao, GU 96923

Guam Community College
P.O. Box 23069, GMF
Barrigada, GU 96921

Guam Housing and Urban Renewal Authority
117 Bien Venida Avenue
Sinajana, GU 96926

Guam Housing Corporation
P.O. Box 3457
Hagatna, GU 96932

Guam Preservation Trust
Suite 211, 194 Hernan Cortes Avenue
Hagatna, GU 96932

Guam Economic Development Authority
Suite 511, ITC Building
590 South Marine Corps Drive
Tamuning, GU 96913

Guam Visitors Bureau
401 Pale San Vitores Road
Tamuning, GU 96913

Guam Educational Telecommunications Corporation
P.O. Box 21449, GMF
Barrigada, GU 96921

In addition to the aforementioned University of Guam (UOG) and Guam Community College (GCC) component units, the accompanying component units' column of the basic financial statements includes the University of Guam Endowment Foundation, Inc. and the Guam Community College Foundation, Inc., which are legally separate, tax-exempt, separately audited, component units of UOG and GCC, respectively. Inclusion of these component units is in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14.

GASB Statement No. 39 provides additional guidance for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government and to clarify reporting requirements for those organizations. The foundations' resources can only be used by or are for the benefit of UOG and GCC to which they serve. They are presented within the respective financial statements of UOG and GCC because of their nature and significance to these entities. Complete financial statements of the foundations may be obtained at their respective offices. The foundations are not considered major component units of GovGuam under the definitions put forth under GASB Statement 34, but are blended within UOG and GCC.

The Public Utilities Commission (PUC) is a related organization under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement Nos. 39 and 61. PUC consists of seven members, all of whom are appointed by the Governor of Guam. GovGuam's accountability does not extend beyond the appointments. Accordingly, PUC is classified as another stand-alone governmental unit, not a component unit of GovGuam, and therefore is not part of these financial statements.

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from these statements except for other charges between the primary government and the discretely presented component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. GovGuam did not report any business-type activities during the year ended September 30, 2018. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

The Statement of Net Position presents all of the reporting entity's non-fiduciary assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.

- Unrestricted net position consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often is designated (for example, internally restricted), to indicate that management does not consider it to be available for general operations.

The government-wide Statement of Net Position reports $623,207,215 of restricted net position, of which $78,548,796 is restricted by enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not meeting the definition of program revenues are, instead, reported as general revenues and offset or supplant the net operating deficit or surplus from governmental operations.

(1) Summary of Significant Accounting Policies, Continued

C. Governmental Fund Financial Statements

The fund financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balances for its major and aggregated non-major funds. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements pursuant to GASB reporting standards, with nonmajor governmental funds being combined into a single column.

GovGuam reports its financial position and results of operations in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Transactions between funds within a fund type, if any, have not been eliminated.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the fiduciary fund and component unit financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenue is derived from taxation, investment income and other fees that are not allocated to specific programs.

Governmental Funds Financial Statements:

Governmental funds financial statements account for the general governmental activities of GovGuam and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual and are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, GovGuam considers most revenues other than federal grants and assistance awards and property taxes to be available if they are collected within 90 days of the end of the current fiscal period. Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenue when available and entitlement occurs which is generally within 12 months of the end of the current fiscal period. GovGuam considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period.

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services and are recognized in the year in which they are received or subject to accrual, grants expended or services provided. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Governmental Funds Financial Statements, Continued:

Expenditures are recorded in the period in which the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due. Compensated absences, claims and judgments, termination benefits and similar activities are recognized to the extent that they are normally expected to be liquidated with expendable available financial resources.

Fiduciary Funds and Component Units Financial Statements:

Discretely presented component units distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a component unit's principal ongoing operations. All other revenues are reported as nonoperating. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

Fund Accounting:

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments,* as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments: Omnibus,* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for either fund category or the governmental and enterprise combined) for the determination of major funds. GovGuam has elected to add an additional major fund that is of specific public interest, namely the GDOE Federal Grants Assistance Fund. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. GovGuam reports the following major funds:

- General Fund - this fund is the primary operating fund of GovGuam. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

- Federal Grants Assistance Fund - a Special Revenue Fund that accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance general governmental operations.

- GDOE Federal Grants Fund - a Special Revenue Fund that accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance public education.

- Chamorro Lands Fund - a Permanent Fund that accounts for developed Chamorro land and other real estate owned by GovGuam and is held in various land banks. Such are legally restricted to the extent that only earnings from lease rental payments, and not principal, may be used to support GovGuam operations.

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Fund Accounting, Continued:

The nonmajor governmental funds are comprised of the following:

- Special Revenue Funds - these funds account for the financial resources obtained from specific revenue sources and used for restricted purposes.
- Capital Projects Funds - these funds account for the financial resources obtained from bond issuances for the acquisition or construction of capital assets and facilities.
- Debt Service Funds - these funds account for the financial resources obtained and used for the payment of principal and interest revenue bond obligations established in accordance with bond indentures.

In addition, GovGuam reports the following fiduciary fund types:

- Pension Trust Funds - these funds account for resources that are required to be held in trust for the members and beneficiaries of GovGuam's pension plans.
- Private Purpose Funds - these funds account for resources held in trust under which principal and income benefit certain individuals.
- Agency Funds - these funds account for assets held on behalf of others, are custodial in nature and do not involve measurement of operations.

E. Cash and Cash Equivalents

Cash and cash equivalents of the primary government and the discretely presented component units include cash on hand, demand deposits, and short-term investments in time certificates of deposit and U.S. Treasury obligations with a maturity date within three months of the date acquired by GovGuam. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are classified as investments.

F. Investments

Investments and related investment earnings of the primary government and the discretely presented component units are recorded at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability (ie, the exit price) in an orderly transaction between market participants at the date as of which the fair value of an asset or liability is determined.

GovGuam categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement. Investments not categorized under the fair value hierarchy are shown at either Net Asset Value (NAV) or amortized cost.

(1) Summary of Significant Accounting Policies, Continued

G. Restricted Assets

As of September 30, 2018, certain assets of the primary government in the amount of $118,908,512 are reported as restricted assets due to constraints placed on the assets externally imposed by creditors (such as through bond indentures) and grantors. Of this amount, $73,196 is externally restricted for Capital Improvement Projects identified in the State Fiscal Stabilization Fund budget funded by the U.S. Department of Education; $659,279 is externally restricted under the First Generation Trust Initiative Program; $461,785 is externally restricted for a Court issued permanent injunction as further disclosed in Note 13B; $640,576 is externally restricted under a Chamorro Lands loan guarantee program; $5,794,002 is externally restricted for Child Support; $102,300,764 is externally restricted under various bond issues, including for future debt service requirements; $902,104 is externally restricted under the Judicial building loan agreement for future debt service requirements; and $8,076,806 is restricted for landfill postclosure costs.

H. Land and Other Real Estate

Land and other real estate held as investments in permanent funds of $458,751,008, which comprise of $452,048,123 held by the Chamorro Land Trust Commission and $6,702,885 held by the Guam Ancestral Lands Commission, are reported at fair value. Fair value is based on estimated current value (primarily assessed real estate property tax valuations) and appraisals. Investments that do not have an established market are reported at estimated fair value. Earnings from lease agreements associated with these investments are reported as revenues of the Chamorro Land Trust Commission and the Guam Ancestral Lands Commission. Only developed land supported by valid lease agreements is included in the valuation whereas other undeveloped land not supported by lease agreements is reported at historical cost.

I. Receivables and Tax Abatements

In general, tax revenue is recognized on the government-wide financial statements when assessed or levied and on the governmental financial statements to the extent that it is both measurable and available. Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to GovGuam for its expenditures on federally funded reimbursement and grant programs are reported as “receivables from federal agencies” in the governmental funds balance sheet.

Receivables of the primary government and the discretely presented component units are primarily due from businesses and individuals residing on the island of Guam. The allowance for uncollectible accounts primarily represents estimated uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

Tax abatements represent reductions in tax revenues that result from an agreement between GovGuam and individuals or entities where: (i) GovGuam promises to forgo tax revenues to which it is otherwise entitled to; and (ii) the individuals or entities promise to take specific action that contributes to economic development.

(1) Summary of Significant Accounting Policies, Continued

J. Prepaid Items and Inventories

Certain payments made to vendors or persons for services reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories of the primary government and the discretely presented component units comprise fuel oil, diesel fuel, parts and supplies and are generally valued at the lower of cost (FIFO) or market.

K. Interfund Receivables/Payables

During the course of its operations, GovGuam records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. These balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made, and are scheduled to be collected in the subsequent year.

Receivables and payables resulting from transactions between component units and the primary government are classified as “due to/from primary government” or “due to/from component units” on the governmental fund balance sheet and the statement of net position. Interfund receivables and payables for the primary government have been eliminated from the statement of net position.

L. Capital Assets

Capital assets, including property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Construction in progress includes all associated cumulative costs of a constructed capital asset. Construction in progress is relieved at the point at which an asset is placed in service for its intended use.

Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are capitalized when the cost of the individual items exceeds $50,000. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. With the exception of the Layon Landfill, capital assets of the primary government are depreciated using the straight-line method with a full year’s depreciation charged in the year of acquisition and disposal, regardless of date. Landfill cells are depreciated based on capacity used/available at year end.

Capital assets of the discretely presented component units are capitalized upon purchase and depreciated on a straight-line basis over the estimated useful lives of the assets.

(1) Summary of Significant Accounting Policies, Continued

M. Unearned Revenues

In the government-wide financial statements, unearned revenues are recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, unearned revenues represent monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. Unearned revenues in the governmental fund types primarily relate to Section 30 federal income tax collections remitted to the trustee in accordance with the bond indenture associated with the 2016 Series A bond issue, and federal funds received in advance of eligible expenditures. In September 2018, GovGuam received Section 30 federal income tax collections from the United States Government in the amount of $77,046,768, which pertains to revenues of the following fiscal year.

N. Provision for Tax Refunds

During the calendar year, GovGuam collects individual and corporate income taxes through withholdings and payments from taxpayers. At September 30, GovGuam estimates the amount owed to taxpayers for overpayments during the first nine months of the calendar year. These estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as provision for tax refunds and as a reduction of tax revenue. The provision for tax refunds is evaluated on a regular basis by management and is based upon management's periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. In Tax Year 2018, the Tax Cuts and Jobs Act (TCJA) provided for significant changes to tax rules including changes to the Child Tax Credit, Other Dependents Credit, personal exemptions, and standard deductions. The impact of TCJA changes is currently not determinable and, therefore, this evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis. As of September 30, 2018, GovGuam recorded a provision for unpaid tax refunds in the amount of $123,400,041, which includes amounts relating to the U.S. Federal Earned Income Tax Credit (EITC).

O. Long-term Debt

The liabilities reported in the government-wide financial statements include GovGuam general obligation bonds, limited obligation bonds, long-term notes and capital leases, and long-term liabilities including vacation, sick leave, pension, long-term liabilities to other governmental entities, and closure and post-closure costs associated with the Ordot Dump and Layon Landfill. Long-term obligations financed by component units are recorded as liabilities in the discretely presented component unit's column.

In accordance with Section 1423a of the Organic Act, the debt ceiling limitation or public indebtedness of GovGuam must not exceed 10% of the aggregate tax value (assessed value) of property in Guam, which is $1,316,264,859 as of October 31, 2018, the date that such certification was performed. Total debt outstanding as of September 30, 2018, subject to the debt ceiling limitation is $1,064,596,112.

(1) Summary of Significant Accounting Policies, Continued

P. Dedicated Revenues and Pledges

GovGuam has pledged a portion of future General Fund Section 30 revenues to repay the following debt: (i) $236,605,000 in limited obligation bonds issued in August 2016; and (ii) $21,818,000 in qualified school construction bonds issued in March 2013. This debt is payable solely from Section 30 revenues payable to GovGuam by the United States Government pursuant to Section 30 of the Organic Act, Title 48, U.S. Code, Section 41421(h). Total principal and interest remaining on this debt is approximately $403,086,290 payable through December 2046. For the year ended September 30, 2018, principal and interest paid and total Section 30 revenues were $17,005,935 and $77,795,541, respectively.

GovGuam has also pledged a portion of future hotel occupancy tax revenues to repay $90,665,000 in limited obligation infrastructure improvement bonds issued in April 2011. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on the limited obligation infrastructure improvement bonds is approximately $143,522,439 payable through November 2040. For the year ended September 30, 2018, principal and interest paid and total hotel occupancy tax revenues were $6,995,775 and $43,181,165, respectively.

GovGuam has also pledged a portion of future General Fund gross receipts tax revenues to repay the following debt: (i) $235,000,000 in limited obligation bonds issued in December 2011; (ii) $108,700,000 in limited obligation bonds issued in June 2012; (iii) $22,640,000 in limited obligation bonds issued in January 2013; and (iv) $410,485,000 in limited obligation bonds issued in September 2015. This debt is payable solely from these certain tax revenues generated by GovGuam. Total principal and interest remaining on this debt is approximately $1,241,705,808 payable through January 2042. For the year ended September 30, 2018, principal and interest paid and total gross receipts tax revenues were $50,919,761 and $269,684,874, respectively.

GovGuam has also pledged a portion of Judicial Building Fund receipts to repay an $11,000,000 note payable to a bank executed in September 2006. This debt is payable solely from these certain judicial fees, fines and building rental receipts generated by GovGuam. Total principal and interest remaining on the note payable is approximately $6,006,933 payable through September 2019. For the year ended September 30, 2018, principal and interest paid and total judicial fees, fines and building rental receipt revenues were $993,005 and $1,461,314, respectively.

GovGuam has also pledged a portion of Capitol District Fund receipts to repay a $4,000,000 note payable to a bank executed in April 2014. This debt is payable solely from these certain building rental receipts generated by GovGuam. Total principal and interest remaining on the note payable is approximately $4,364,050 payable through September 2020. For the year ended September 30, 2018, principal and interest paid and total building rental receipt revenues were $319,200 and $258,018, respectively.

Finally, GovGuam has pledged a portion of future Compact Impact grant revenues to repay $38,570,000 in certificates of participation issued in August 2016. This debt is payable solely from Compact Impact grant revenues payable to GovGuam by the United States Government pursuant to the Compact of Free Association Act, U.S. Public Law 108-188. Total payments remaining on this municipal school lease agreement are approximately $51,743,275 payable through September 2027. For the year ended September 30, 2018, lease payments made and total Compact Impact grant revenues received were $6,625,900 and $7,661,550, respectively.

(1) Summary of Significant Accounting Policies, Continued

Q. Bond Premiums and Discounts

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the effective interest rate method. Bonds payable are reported net of bond premiums and discounts. Bond issuance costs, except any portion related to prepaid insurance costs, are expensed in the period incurred. Prepaid insurance costs are reported as assets and are amortized over the term of the debt using the straight-line method.

In the governmental fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received and discount deducted on debt issuance are reported as other financing sources and other financing uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

R. Deferred Outflows/Inflows of Resources

The statement of net position will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (deduction of net position) until then. On the other hand, deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (additions to net position) until then.

GGRF recorded a receivable at September 30, 2018 in the amount of $20,456,178. Public Law 25-72, passed in September 1999, required the payment of supplemental annuity and cost of living allowance benefits to retirees, and specified that these payments were vested, limited-duration benefits to be provided by GGRF. GGRF initially recorded these benefit payments as a receivable in the amount of $137,200,000 and has reduced this amount each year by a portion of employer contributions received. For the year ended September 30, 2018, the statutory contribution rate for the DB Plan is 27.83% of covered payroll, of which 1.2016% was used to reduce this receivable. In the opinion of GovGuam management, the corresponding liability is embodied within the governmental activities net pension obligation of $1,005,171,481. Thus, no separate corresponding liability is required to be recorded. Accordingly, GovGuam management considers that this amount represents a consumption of net position that applies to a future period and, as a result, revised the GGRF financial statements by reclassifying this receivable as a deferred outflows of resources.

S. Fund Equity/Net Position

GovGuam reports net position as restricted when restrictions are externally imposed by citizens and/or public interest groups or legally segregated for a specific future use by enabling legislation in accordance with GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. Otherwise, these balances are considered unrestricted.

Net Position has been restricted as follows:

“Restricted for capital projects” - identifies amounts of unspent proceeds of bond issuances that can only be used for capital projects.

(1) Summary of Significant Accounting Policies, Continued

S. Fund Equity/Net Position, Continued

"Restricted for retirement of indebtedness" - identifies amounts held by fiscal agents to fund future debt service obligations as required under bond indentures. Because removal of monies from these restrictions would constitute a technical default to bondholders, the amounts are restricted.

"Restricted for endowments: nonexpendable" - identifies amounts held for endowment and similar type funds, including land and other real estate, in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

"Restricted for other purposes" - identifies amounts held for various externally imposed restrictions either by creditors, grantors or laws and regulations of other governments. It also includes various restrictions put forth by the GovGuam enabling statutes. Included in this restriction are reserves for prior appropriations continued.

Fund balance classifications are based on the extent to which GovGuam is bound to honor constraints on the specific purposes for which amounts in those funds can be spent and are reported under the following fund balance classifications:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Guam Legislature, GovGuam's highest level of decision-making authority, and does not lapse at year-end. Formal action of the Guam Legislature is required to establish, modify or remove the limitations on committed fund balances.

- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent is expressed by either the Guam Legislature or a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

- Unassigned - includes negative fund balances in other governmental funds.

GovGuam has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, and unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the general policy of GovGuam is to use committed resources first, followed by assigned, and then unassigned. The use of restricted/committed resources may be deferred based on a review of the specific transaction.

A formal minimum fund balance policy has not been adopted.

(1) Summary of Significant Accounting Policies, Continued

T. Compensated Absences

Compensated absences are recorded as a long-term liability in the statement of net position. Amounts to be paid during the next fiscal year are reported as current liabilities. For the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities. Vacation pay is convertible to pay upon termination of employment.

In accordance with Public Law 27-5 and Public Law 28-68, employee vacation rates are credited at either 104, 156 or 208 hours per year, depending upon their length of service: (1) One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service; (2) Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service but less than fifteen (15) years of service; or (3) One (1) day (8 hours) for each full bi-weekly pay period in the case of employees with more than fifteen (15) years of service.

The statutes further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Public Law 27-106 amended subsection (c) of 4 Guam Code Annotated § 4109. Employees who have accumulated annual leave in excess of 320 hours as of February 28, 2003, may carry over their excess and shall use the excess amount of leave prior to retirement or termination from service. Any unused leave over the excess shall be lost.

Public Law 26-86 allows members of the Defined Contribution Retirement System (DCRS) to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of $17,210,266 at September 30, 2018 for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

U. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the GovGuam Retirement Fund (GGRF) Defined Benefit (DB) Plan and additions to/reductions from the DB Plan's fiduciary net position have been determined on the same basis as they are reported by GGRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions are required to be recognized and disclosed using the accrual basis of accounting. GovGuam recognizes a net pension liability for the defined benefit pension plan in which it participates, which represents GovGuam's proportional share of excess total pension liability over the pension plan assets - actuarially calculated - of a single employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. The total pension liability also includes GovGuam's proportionate share of the liability for ad hoc cost-of-living adjustments (COLA) and supplemental annuity payments that are anticipated to be made to defined benefit plan members and for anticipated future COLA to DCRS members.

(1) Summary of Significant Accounting Policies, Continued

U. Pensions and Other Postemployment Benefits (OPEB), Continued

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

OPEB is required to be recognized and disclosed using the accrual basis of accounting. GovGuam recognizes a net OPEB liability for the defined benefit OPEB plan in which it participates, which represents GovGuam's proportional share of total OPEB liability - actuarially calculated - of a agent multiple employer defined benefit plan, measured one year prior to fiscal year-end and rolled forward. An OPEB trust has not been established thus the OPEB plan does not presently report OPEB plan fiduciary net position. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis.

Changes in the net OPEB liability during the period are recorded as OPEB expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the qualified OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

V. Property Taxes

On or before September 1 of each tax year, GovGuam's Real Property Tax Division is mandated to make available a tax roll listing identifying all taxable properties and corresponding tax assessments levied. By October 31 each year, the tax assessment roll is certified and real property taxes become due and payable on December 15. The tax levy is divided into two installments: the first installment is due February 20; the second installment is due April 20. Real property taxes become a lien on the property as of noon the first Monday in March each year to secure the payment of all taxes, penalties and interest that is ultimately imposed on the property. The tax rate is established by 11 GCA 24, *Real Property Tax*, wherein a levy is assessed on all land property in Guam at the rate of seven-eightieths percent (7/80%) of the value thereof and seven-twentieths (7/20%) of the value of the improvements thereon.

(1) Summary of Significant Accounting Policies, Continued

W. Encumbrances

GovGuam utilizes encumbrance accounting to identify fund obligations. Encumbrances represent commitments related to unperformed contracts for goods. At September 30, 2018, GovGuam has significant encumbrances summarized as follows:

General	Federal Grants Assistance	GDOE Federal Grants	Chamorro Lands	Other Governmental	Total
$ 8,727,960	$95,321,822	$ 6,743,718	$ -	$ 16,572,870	$127,366,370

X. New Accounting Standards

During the year ended September 30, 2018, GovGuam implemented the following pronouncements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The implementation of this statement has no impact on GovGuam's governmental fund financial statements, which continue to report expenditures in the amount contractually required. However, implementation has resulted in the restatement of GovGuam's fiscal year 2017 government-wide financial statements to reflect the reporting of an OPEB liability, deferred inflows of resources, and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of GASB Statement No. 75. Net position as of October 1, 2017 for governmental activities, fiduciary component units and discretely presented component units decreased by $1,541,331,181, $10,927,527 and $705,149,415, respectively, as a result of the implementation of GASB Statement No. 75. Refer to Note 12 for more information regarding GovGuam's OPEB.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits. The implementation of this statement did not have a material effect on the accompanying financial statements.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The implementation of this statement did not have a material effect on the accompanying financial statements.

(1) Summary of Significant Accounting Policies, Continued

X. New Accounting Standards, Continued

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether implementation of this statement will have a material effect on the financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions in Statement No. 88 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61,* which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

(1) Summary of Significant Accounting Policies, Continued

Y. Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the provision for tax refunds.

Z. Total Columns

Total columns are presented primarily to facilitate financial analysis. The Management's Discussion and Analysis includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a full comparative presentation. Accordingly, such information should be read in conjunction with GovGuam's financial statements for the year ended September 30, 2017 from which summarized information was derived.

(2) Deposits and Investments

The deposit and investment policies of GovGuam are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. The Director of Administration is responsible for the safekeeping of all monies paid into the Treasury of Guam. The Director of Administration invests any monies of GovGuam that are deemed not necessary for immediate use. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificates of deposit of, or bankers' acceptances issued by, any eligible institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements. With the exception of investments in U.S. government securities, which are explicitly or implicitly guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, GovGuam's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, collateralized with securities held by the pledging financial institution, or held by the pledging financial institution but not in the depositor-government's name.

As of September 30, 2018, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was $199,602,089 and the corresponding bank balances were $251,545,921. Of the bank balances, $152,524,020 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance or credit unions subject to National Credit Union Administration (NCUA) insurance. The remaining amount of $99,021,901 represents short-term investments held and administered by GovGuam's trustees in accordance with various trust agreements and bond indentures. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2018.

(2) Deposits and Investments, Continued

A. Deposits, Continued

As of September 30, 2018, bank deposits in the amount of $1,178,091 were FDIC insured and bank deposits in the amount of $364,753 were NCUA insured. In accordance with 5 GCA 21, *Investments and Deposits*, GovGuam requires collateralization of deposits in excess of depository insurance limits in an amount in value at least ten percent in excess of the amount of monies deposited with the financial institution. Such collateralization shall be in securities in U.S. treasury notes or bonds or in U.S. government agencies for which the faith and credit of the United States are pledged for the payment of principal and in interest; evidence of indebtedness of GovGuam; investment certificates of the Federal Home Loan Bank; or such other securities as may be approved by the Director of Administration and the Governor of Guam. As of September 30, 2018, substantially all of GovGuam's bank deposits in excess of depository insurance limits are collateralized with securities held by the pledging financial institution but not in GovGuam's name.

B. Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for GovGuam.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding various health-related projects under a tobacco settlement agreement and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2018.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. GovGuam does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2018, GovGuam's investments are classified as follows:

	General	Federal Grants Assistance	GDOE Federal Grants	Chamorro Lands	Nonmajor Governmental Funds	Total
Investments:						
Certificates of deposit	$ 209,702	$ -	$ -	$ -	$ 1,954,365	$ 2,164,067
Mutual funds	-	-	-	-	26,468,547	26,468,547
	$ 209,702	$ -	$ -	$ -	$ 28,422,912	$ 28,632,614

Investments in mutual funds are measured at the Net Asset Value (NAV).

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF):

Investments of GGRF include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, mutual funds and equity instruments. Investments are reported at fair value. Securities transactions and any resulting gains or losses are accounted for on a trade date basis. Investments other than real estate, commercial mortgages and other loans, and municipal revenue bonds are reported at market values determined by the custodial agents. The agent's determination of market values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Commercial mortgages and other loans and municipal revenue bonds have been valued on an amortized cost basis, which approximates market or fair value. No allowance for loan loss has been provided as all loans and bonds are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates market value. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisor, has determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

Northern Trust Company holds the investments as custodian in GGRF's name. In addition, GGRF has selected investment managers who are given authority to purchase and sell securities in accordance with the following guidelines:

a. Cash and Cash Equivalents - Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above. No single issue shall have a maturity of greater than two years, and the cash portfolio shall have a maturity of less than one year. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.

b. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities. All fixed-income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies are qualified for inclusion in the portfolio. No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed-income portfolio must be in bonds of credit quality of no less than "A". Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:

   i. Two times its average annual fixed charges over the same period, in the case of any public utility company;

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

ii. One and one-half times its average annual fixed charges over the same period, in the case of any financial company; or,

iii. Three times its average annual fixed charges over the same period, in the case of any other company.

With the written petition and subsequent written approval of the Trustees, opportunistic investment bonds issued by national governments other than the United States or foreign corporations may comprise up to six percent (6%) of each fixed-income manager's portfolio. In no case shall these investments exceed three and one-half percent (3.5%) of the total GGRF investments. All non-U.S. securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above.

For U.S. equities, equity holdings are restricted to readily marketable securities of corporations that are actively traded on the major U.S. exchanges and over the counter. For investments in common and preferred stock:

i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment;

iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidence of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full; and

v. Preferred stock must also adhere to the following - the net earnings of the institution available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year, and during either of the last two years have been, after depreciation and income taxes, no less than:

1. Two times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any public utility company; or

2. Three times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any other company.

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

For non-U.S. equities, common or capital stock of any institution or entity created or existing under the laws of any foreign country are permissible investments, provided that:

i. The issuing institution has reported a profit in at least four of the five fiscal years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

ii. The issuing institution has paid a cash dividend on its common or capital stock in at least four of the five years preceding the date of investment, or alternatively, in at least seven of the ten fiscal years preceding the date of investment;

iii. Total cash dividends have not exceeded total earnings in five years preceding the date of investment; and

iv. On the date of investment, the issuer is not in default in payment of principal or interest on any of its publicly held bonds or other evidences of indebtedness, and any contingent interest, cumulative and non-cumulative preferred dividends and dividends on prior common or capital stock have been paid in full.

Consistent with the desire to maintain broad diversification, allocations to any country, industry or other economic sector should not be excessive.

c. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.

d. No individual security of any issuer, other than that of the United States government or GovGuam, shall constitute more than five percent (5%), at cost, of the total GGRF or of any investment manager's portfolio.

e. Holdings of any issuer must constitute no more than five percent (5%) of the outstanding securities of such issuer.

f. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the Board of Trustees.

g. The following securities and transactions are not authorized: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; and short sales origin transactions. Options and futures are restricted, except by petition to the Trustees for approval.

Investments of GGRF as of September 30, 2018 are classified as follows:

Common stocks	$ 1,363,025,724
Fixed income securities	548,893,434
Money market funds	26,130,425
Mutual funds	413,368,875
DC plan forfeitures	6,495,957
	$ 2,357,914,415

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. One of the ways that GGRF manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of September 30, 2018, GGRF's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Fair Value
U.S. Treasury notes	$ -	$ 40,063,139	$ 36,225,435	$ 57,911,172	$ 134,199,746
U.S. government agencies	1,430,922	11,318,074	15,343,994	44,916,485	73,009,475
Corporate notes and bonds	13,471,360	204,358,016	68,504,727	55,350,110	341,684,213
	$ 14,902,282	$ 255,739,229	$ 120,074,156	$ 158,177,767	$ 548,893,434

GGRF's investments are typically made in corporate equities, U.S. Treasury obligations, and commercial paper. These types of investments are not more sensitive to interest rate fluctuations than as already indicated above. Investments that are highly sensitive to interest rate fluctuations include Federal agency securities with coupon multipliers that are reset frequently, mortgage-backed securities, and Federal agency securities with interest rates that vary inversely to a benchmark set quarterly.

GGRF has invested in mortgage backed securities, which are more sensitive to fluctuations in interest rates than already indicated in the information provided above. Such securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. At September 30, 2018, GGRF held mortgage-backed securities valued at approximately $34,700,000.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Guam Code Annotated and GGRF's investment policy, and the actual rating as of September 30, 2018:

Investment Type	Minimum Rating	Amount	Rating as of Year End
U.S. Treasury notes	N/A	$ 134,199,746	Exempt from disclosure
Federal agency securities	N/A	73,009,475	Exempt from disclosure
Corporate medium term notes	BBB	4,452,277	Aaa
and U.S. municipal obligations		302,560,733	Aa1-Aa3
		34,671,203	A1-A3
		548,893,434	
Money market funds	A-2	26,130,425	AAAm
		$ 575,023,859	

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2018, the Fund did not hold any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total GGRF investments.

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of an investment or deposit. At September 30, 2018, GGRF held approximately $32,000,000 in corporate bonds issued by companies organized in various foreign countries. Of this amount, approximately $11,000,000 was issued by Canadian companies, $5,000,000 by Dutch companies, $4,000,000 by British companies, $2,000,000 by Irish companies, and $10,000,000 by 22 other country companies.

At September 30, 2018, GGRF held investments (generally U.S. dollar denominated ADRs) in corporate stocks issued by companies organized in various foreign countries. These ADRs are indirectly affected by fluctuations in currency exchange rates. The market value of these investments at September 30, 2018 was approximately $93,000,000. Of this total, approximately $41,000,000 relates to companies whose functional currency is the Euro, $14,000,000 relates to companies whose functional currency is the Japanese yen, $12,000,000 relates to companies whose functional currency is the British pound, $10,000,000 relates to companies whose functional currency is the Hong Kong dollar, and the remaining $16,000,000 relates to companies representing eighteen separate functional currencies.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The Guam Code Annotated and GGRF's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits and investments. The Guam Code Annotated requires that a financial institution secure deposits made by GovGuam agencies by pledging securities in: "(a) Treasury notes or bonds of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, (b) any evidence of indebtedness of the Government of Guam, (c) Investment certificates of the Federal Home Loan Bank, or (d) such other securities as may be … approved by the Director of Administration and the Governor of Guam.". The fair market value of the pledged securities must be at least ten percent (10%) in excess of the amount of monies deposited with the bank.

Further, to address custodial risk, the Guam Code Annotated requires the custodian to have been in the business of rendering trust custody services for ten or more years, to be organized under the laws of the United States or a state or territory thereof, to have capital and surplus in excess of Ten Million Dollars ($10,000,000), and to be a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation. Regardless of the above, any locally chartered bank may act as custodian for GGRF.

(2) Deposits and Investments, Continued

B. Investments, Continued

Government of Guam Retirement Fund (GGRF), Continued:

GGRF has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Equity securities	$ 1,363,025,724	$ 1,363,025,724	$ -	$ -
U.S. Treasury notes	207,209,221	-	207,209,221	-
Corporate notes and bonds	302,560,733	-	302,560,733	-
Mortgage-backed securities	34,671,203	-	34,671,203	-
Bank loans	4,452,277	-	4,452,277	-
Other	99,427,637	99,427,637	-	-
	2,011,346,795	$ 1,462,453,361	$ 548,893,434	$ -
Investments measured at NAV:				
Mutual funds	346,567,620			
	$ 2,357,914,415			

(3) Receivables and Tax Abatements

A. Receivables

Receivables as of September 30, 2018, for the primary government's individual major governmental funds, nonmajor governmental funds in the aggregate, and fiduciary funds, including allowances for uncollectible accounts, are as follows:

	General	Federal Grants Assistance	GDOE Federal Grants	Chamorro Lands	Nonmajor Governmental Funds	Fiduciary Funds	Total
Receivables:							
Taxes	$ 55,147,775	$ -	$ -	$ -	$ 6,964,874	$ -	$ 62,112,649
Federal	3,165,193	36,147,912	9,171,721	-	-	-	48,484,826
Court	-	-	-	-	-	5,279,085	5,279,085
Contributions	-	-	-	-	-	10,454,541	10,454,541
Interest	-	-	-	-	-	202,039	202,039
Other	3,847,890	-	-	-	6,452,066	16,653,461	26,953,417
	62,160,858	36,147,912	9,171,721	-	13,416,940	32,589,126	153,486,557
Allowance for Uncollectible Accounts	(2,710,763)	-	-	-	(1,850,060)	(5,279,085)	(9,839,908)
	$ 59,450,095	$ 36,147,912	$ 9,171,721	$ -	$ 11,566,880	$ 27,310,041	$ 143,646,649

Contributions receivable recorded by the fiduciary funds represent amounts owed to the GovGuam Retirement Fund (GGRF) for employer and member contributions from various GovGuam agencies. As of September 30, 2018, employer contributions receivable totaled $8,182,606; member contributions receivable totaled $2,271,935; and interest and penalties receivable totaled $202,039.

(3) Receivables and Tax Abatements, Continued

B. Tax Abatements

As of September 30, 2018, GovGuam provided tax abatements through the following programs:

Guam Registered Apprenticeship Program (GRAP) provides tax abatement incentives to eligible businesses that employ apprentices who are duly enrolled and registered in the program. Eligible businesses are entitled to tax abatement against their gross receipts tax liability equal to fifty percent (50%) of the eligible training costs paid or incurred by the business. Eligible training costs include direct wages of apprentices, direct fringe benefits (medical and dental insurance), journeyman's wages (on-the-job training), instructor costs (academic and trade theory), training costs (books and tuition), and personal protective equipment.

The GRAP Program was created under Public Law 28-142 for the purposes of reducing the shortage of highly skilled workers; encouraging employers to hire and train apprentices in highly skilled trades and occupations; authorizing up to 50% abatement of gross receipts taxes for certain long term apprenticeship training expenses; and ensuring that apprentices continue to pay income taxes and participate in the economy.

The eligible business should be duly enrolled and registered under GRAP with the Department of Labor. The apprentice's occupation should be on the GRAP Demand Occupations Listing which is compiled by the Director of the Department of Labor and approved by the Governor and the Legislature of Guam. The eligible business must not be a beneficiary of a Qualifying Certificate issued by the Guam Economic Development Authority.

Qualifying Certificate (QC) Program was created under Public Law 8-80 and amended under Public Law 20-178 and Public Law 22-159 as an economic incentive tool to encourage investment in activities that would strengthen the island economy, enrich its growth, and enhance the quality of life in Guam. Qualified individuals and companies may be granted the following tax abatements:

- Up to 100% abatement of real property tax for up to ten (10) years on property utilized by the QC beneficiary to operate its business;
- Up to 100% abatement of gross receipts tax on income from the sale of alcoholic beverages and petroleum products manufactured in Guam for up to ten (10) years;
- Up to 100% abatement of gross receipts tax on income derived from underwriting insurance risks either in or out of Guam for up to twenty (20) years;
- Up to 100% rebate of corporate income tax for up to twenty (20) years.

Guam Community Recycling Tax Incentive Program was created under Public Law 127, which provides recycling and transshipment companies with tax benefits to encourage investment opportunities in recycling and transshipment activities. Qualified individuals and companies may be granted the following tax abatements:

- Up to 100% abatement of gross receipts tax on income derived from recycling activities for up to ten (10) years;
- Up to 100% abatement of excise tax with respect to the property used to construct, furnish and equip the recycling facilities.

(3) Receivables and Tax Abatements, Continued

B. Tax Abatements, Continued

Special Hotel Qualifying Certificate (QC) Program was created under Public Law 32-233 specifically for the development of one thousand six hundred (1,600) new hotel rooms by the year 2020, a goal set forth by the Guam Visitors Bureau Vision 2020 plan. This program provides additional incentives to hotel developers in order to meet this goal and shall remain in effect until the earlier of five years; 1,600 hotel rooms have been committed to be built; or a China Visa Waiver or China Visa Parole declaration has been approved for Guam. Developers and owners are allowed a tax rebate, exemption or abatement in an amount equal to ten percent (10%) of their total construction costs, which can be applied by the developer, at their discretion, to the following taxes:

- Up to 100% abatement of real property tax for up to ten (10) years on property utilized by the QC beneficiary to operate its business;
- Up to 50% abatement of gross receipts tax payable to GovGuam for up to twenty (20) years;
- Up to 100% abatement of excise tax with respect to the property used to construct, furnish and equip the new facility construction or substantial expansion of an existing building;
- Up to 100% rebate of corporate income tax for up to twenty (20) years.

During the year ended September 30, 2018, information relevant to the disclosure of these programs is as follows:

Guam Registered Apprenticeship Program:	
Gross receipts tax	$ 4,744,578
Qualifying Certificate Program:	
Real property tax	140,650
Gross receipts tax	10,994,270
Corporate income tax	-
Special Hotel Qualifying Certificate Program:	
Real property tax	-
Gross receipts tax	-
Excise tax	-
Corporate income tax	-
Guam Community Recycling Tax Incentive Program:	
Gross receipts tax	-
Excise tax	-
	$ 15,879,498

(4) Interfund Receivables/Payables

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2018, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Federal Grants Assistance	$ 21,233,194
General	GDOE Federal Grants	1,144,158
General	Nonmajor governmental funds	13,700,982
Nonmajor governmental funds	General	22,813,864
		$ 58,892,198

(5) Capital Assets

Capital asset activities of the primary government for the year ended September 30, 2018, are as follows:

	Estimated Useful Lives	Balance October 1, 2017 (As Restated)	Additions	Transfers	Retirements	Balance September 30, 2018
Governmental activities:						
Nondepreciable capital assets:						
Land		$ 48,719,357	$ 753,890	$ 8,511,600	$ -	$ 57,984,847
Construction in progress		66,326,604	28,260,413	(39,735,871)	-	54,851,146
		115,045,961	29,014,303	(31,224,271)	-	112,835,993
Depreciable capital assets:						
Landfill cells	Capacity	71,093,441	-	-	-	71,093,441
Buildings	40 - 60 yrs	656,215,225	653,114	(8,511,600)	-	648,356,739
Machinery, equipment and Furniture	5 - 20 yrs	118,921,574	3,342,849	-	(2,004,664)	120,259,759
Infrastructure	25 yrs	811,874,236	4,066,487	39,735,871	-	855,676,594
		1,658,104,476	8,062,450	31,224,271	(2,004,664)	1,695,386,533
Less accumulated depreciation:						
Buildings		(215,820,076)	(14,433,818)	-	-	(230,253,894)
Landfill cells		(32,882,161)	(4,993,205)	-	-	(37,875,366)
Machinery, equipment and Furniture		(93,222,884)	(8,572,511)	-	1,993,980	(99,801,415)
Infrastructure		(398,021,377)	(43,994,129)	-	-	(442,015,506)
		(739,946,498)	(71,993,663)	-	1,993,980	(809,946,181)
Depreciable capital assets, net		918,157,978	(63,931,213)	31,224,271	(10,684)	885,440,352
		$ 1,033,203,939	$ (34,916,910)	$ -	$ (10,684)	$ 998,276,345

Depreciation expense was charged to functions/programs of the primary government's governmental activities as follows:

General government	$ 10,935,582
Protection of life and property	2,019,399
Public health	309,322
Community services	37,731
Recreation	329,025
Individual and collective rights	15,658,439
Transportation	20,872,552
Public education	13,064,531
Environmental protection	6,010,803
Economic development	2,756,279
	$ 71,993,663

(6) Long-Term Obligations

As of September 30, 2018, the primary government had the following long-term debt outstanding:

General Obligation Bonds:

General Obligation Bonds, 2009 Series A (original issue of $271,070,000, dated June 18, 2009), varying interest rates at 5.75% - 7% per annum, payable semiannually on May 1 and November 1, partially refunded in 2015 with principal fund payments due in varying annual installments commencing with an initial payment of $4,255,000 on November 15, 2015 and increasing to a final payment of $5,375,000 on November 15, 2019. The bonds were issued for the purpose of providing proceeds to fund certain capital improvement projects and other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments (the 2009 Projects) and are backed solely by a pledge of full faith and credit of GovGuam.	$ 10,445,000
Less net unamortized discount	(241,877)
	$ 10,203,123

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 5,070,000	$ 474,600	$ 5,544,600
2020	5,375,000	161,250	5,536,250
	$ 10,445,000	$ 635,850	$ 11,080,850

On September 9, 2015, GovGuam issued $410,485,000 in Business Privilege Tax Revenue Bonds, 2015 Series D, with varying interest rates of 3% - 5% per annum. The bonds were issued at a premium, which will be amortized over the life of the bonds using the effective interest rate method, to refund $151,935,000 of outstanding General Obligation Bonds, 2007 Series A bonds and partially refund $229,020,000 of outstanding General Obligation Bonds, 2009 Series A bonds. Of the net proceeds of $455,135,254 (including premiums of $44,650,254), $454,758,932 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding General Obligation Bonds, 2007 Series A and General Obligation Bonds, 2009 Series A. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance of $82,801,641, which is deferred and being amortized to expense using the effective interest rate method over average remaining life of the 2007 and 2009 bonds. The unamortized balance of the deferred loss on refunding of the 2007 and 2009 Series bonds is $72,077,790 as of September 30, 2018.

(6) Long-Term Obligations, Continued

Limited Obligation Bonds:

Hotel Occupancy Tax Revenue Bonds, 2011 Series A (original issue of $90,665,000, dated April 28, 2011), varying interest rates at 2% - 6.5% per annum, payable semiannually on May 1 and November 1, principal fund payments due in varying annual installments commencing with an initial payment of $1,670,000 on November 1, 2011 and increasing to a final payment of $5,725,000 on November 1, 2040. The bonds were issued for the purpose of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of hotel occupancy tax revenues.	$ 77,585,000
Business Privilege Tax Revenue Bonds, 2011 Series A (original issue of $235,000,000, dated December 1, 2011), varying interest rates at 2.5% - 5.25% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of $4,515,000 on January 1, 2017 and increasing to a final payment of $15,940,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds and outstanding COLA settlement payments, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	225,755,000
Business Privilege Tax Revenue Bonds, 2012 Series B (original issue of $108,700,000, dated June 6, 2012), varying interest rates at 2.93% - 5% per annum, payable semiannually on January 1 and July 1, principal fund payments due in varying annual installments commencing with an initial payment of $2,305,000 on January 1, 2017 and increasing to a final payment of $7,135,000 on January 1, 2042. The bonds were issued for the purpose of providing proceeds to fund other GovGuam obligations, including past due tax refunds, health insurance premium payments and delinquent retirement fund contributions, and funding capitalized interest, and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	104,025,000
Business Privilege Tax Revenue Bonds, 2013 Series C (original issue of $22,640,000, dated February 7, 2013), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of $1,300,000 on November 15, 2013 and increasing to a final payment of $4,675,000 on November 15, 2018. The bonds were issued for the purpose of refunding 1993 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	4,675,000

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

Business Privilege Tax Revenue Bonds, 2015 Series D (original issue of $410,485,000, dated September 9, 2015), varying interest rates at 3% - 5% per annum, payable semiannually on May 15 and November 15, principal fund payments due in varying annual installments commencing with an initial payment of $2,080,000 on November 15, 2017 and increasing to a final payment of $19,145,000 on November 15, 2039. The bonds were issued for the purpose of refunding 2007 and 2009 General Obligation Bonds and are payable solely from and collateralized by a pledge of gross receipts tax revenues.	408,405,000
Limited Obligation (Section 30) Bonds, 2016 Series A (original issue of $236,605,000, dated August 17, 2016), varying interest rates at 2% - 5% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of $1,630,000 on December 1, 2016 and increasing to a final payment of $4,435,000 on December 1, 2046. The bonds were issued for the purpose of refunding 2009 Limited Obligation (Section 30) Bonds; refinancing all of the outstanding 2013 Series B Certificates of Participation (Okkodo High School Expansion Project); and to provide additional proceeds to fund certain working capital costs of the Guam Memorial Hospital, and are backed by the full faith and credit of GovGuam, payable solely from and collateralized by a pledge of Section 30 federal income tax collections.	232,595,000
	1,053,040,000
Add net unamortized premium	92,446,571
Less net unamortized discount	(1,612,212)
	$ 1,143,874,359

Annual debt service requirements to maturity for limited obligation bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 21,510,000	$ 52,946,382	$ 74,456,382
2020	25,745,000	51,791,503	77,536,503
2021	33,030,000	50,330,461	83,360,461
2022	35,720,000	48,616,754	84,336,754
2023	37,535,000	46,771,784	84,306,784
2024 - 2028	198,260,000	204,689,856	402,949,856
2029 - 2033	250,545,000	148,352,875	398,897,875
2034 - 2038	278,470,000	78,784,525	357,254,525
2039 - 2043	155,750,000	18,629,857	174,379,857
2044 - 2047	16,475,000	1,699,125	18,174,125
	$ 1,053,040,000	$ 702,613,122	$ 1,755,653,122

(6) Long-Term Obligations, Continued

Limited Obligation Bonds, Continued:

On August 17, 2016, GovGuam issued $236,605,000 in Limited Obligation (Section 30) Bonds, 2016 Series, with varying interest rates of 2% - 5% per annum. The bonds were issued at a premium, which will be amortized over the life of the bonds using the effective interest rate method, to refund $182,610,000 of outstanding Limited Obligation (Section 30) Bonds, 2009 Series A bonds and to provide additional proceeds to fund certain working capital costs of the Guam Memorial Hospital. Of the net proceeds of $280,547,958 (including a premium of $43,942,958), $211,658,081 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of the previously issued outstanding Limited Obligation (Section 30) Bonds, 2009 Series A. As a result, these bonds are considered defeased, and the liability for these bonds has been removed from the government-wide financial statements. The advanced refunding resulted in a loss on defeasance of $31,939,331, which is deferred and is being amortized to expense using the effective interest method over average remaining life of the 2009 bonds. The unamortized balance of the deferred loss on refunding of the 2009 Series bonds is $28,390,517 as of September 30, 2018.

Loans Payable:

Note payable to a local bank in the amount of $11,000,000, dated September 15, 2006, interest at 5% per annum, payable quarterly commencing December 1, 2006, with principal and interest payable commencing December 1, 2009 in quarterly installments of $248,251, fully due on September 1, 2019. This loan was used to fund the construction of a Judicial Building and a Forensic Science Laboratory. The note is collateralized by the pledge and assignment of Judicial Building Fund revenues.	$ 5,730,009
Note payable to a local bank in the amount of $4,000,000, dated April 28, 2014, variable interest at 1.25% over bank's reference rate subject to a minimum rate of 4.5% per annum (5.5% at September 30, 2018), payable monthly interest only commencing 30 days after first drawdown, with principal and interest payable monthly commencing 18 months after the first drawdown, fully due on September 1, 2020. This loan was used to fund the modernization, refurbishment and restoration of the Guam Congress Building. The note is collateralized by the pledge and assignment of Capitol District Fund revenues.	3,853,935
	$ 9,583,944

Annual debt service requirements to maturity for the loans payable are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 5,795,189	$ 630,944	$ 6,426,133
2020	3,788,755	256,095	4,044,850
	$ 9,583,944	$ 887,039	$ 10,470,983

(6) Long-Term Obligations, Continued

There are a number of limitations and restrictions placed on the bonds as specified below:

General Obligation Bonds - 2009 Series A:

On or before the fifth day of each calendar month, GovGuam shall deposit into the Bond Fund held by the Trustee an amount equal to the amount necessary to increase the amount in the Bond Fund to the aggregate amount for all outstanding Bonds of all unpaid interest, principal and Mandatory Sinking Account Payments which shall be required to have been transferred to the Bond Fund under the following transfer requirement rules: (i) the amount of interest payable on each Bond on a current uncompounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Interest Accrual Period for such Bond ending on such Interest Payment Date; (ii) the amount of interest payable on each Bond on a deferred compounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond; (iii) the amount of the principal of each Bond shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond; and (iv) the amount of each Mandatory Sinking Account Payment for Bonds shall be transferred in equal monthly amounts over the Principal Payment Period for such Bonds ending on the date such Mandatory Sinking Account Payment is due.

On or prior to the fifth Business Day preceding each Interest Payment Date, the Trustee shall notify GovGuam of the amount, if any, by which the aggregate amount of interest and principal to be paid on the Bonds on such date exceeds the aggregate amount on deposit in the Bond Fund and is available to make such payments. On or prior to the third Business Day preceding such Interest Payment Date, GovGuam shall deposit with the Trustee an amount equal to the amount of such deficiency.

In the event that on the third Business Day preceding any Interest Payment Date, the aggregate amount of interest and principal to be paid on the Bonds on such date exceeds the aggregate amount on deposit in the Bond Fund and available to make such payments, the Depositary upon the direction of the Trustee shall transfer to the Bond Fund the amount of such deficiency by withdrawing said amount from the Construction Fund or Proceeds Fund.

The 2009 Series A Bonds are general obligations of GovGuam and are authorized to be issued pursuant to Public Law 30-7 and a Certificate of the Governor of Guam, dated June 1, 2009. Under the Certificate, the Governor of Guam appointed a Trustee and Depositary for the Bonds and a Paying Agent and registrar for the Bonds.

In accordance with the Certificate, the Depositary has created the following trust accounts:

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depositary for the payment of the costs of the 2009 Projects to be funded from Bond proceeds and the costs associated with the issuance of the Bonds, and, to the extent necessary, to fund any deficiency in the Bond Fund to pay principal of, mandatory sinking account payments for and interest on the Bonds.

- Bond Fund - The Trustee shall apply moneys on deposit in this Fund solely for the purposes of (1) paying interest on the Bonds as it shall become due and payable, (2) paying the principal of the Serial Bonds when due and payable and (3) purchasing, redeeming or paying at maturity the Term Bonds as provided in the Certificate.

The "Proceeds Fund" and "Bond Fund" accounts are accounted for within the General Fund.

(6) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2016 Series A:

The 2016 Series A Section 30 Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 33-183 and an Indenture dated June 1, 2009, as amended and restated by an Amended and Restated Indenture, dated August 17, 2016. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depositary for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Section 30 revenues. Section 30 revenues are amounts received by or on behalf of GovGuam or the Trustee from the United States as proceeds of custom duties, federal income taxes and any other taxes derived from Guam.

As defined by the terms of the bond indenture, these revenues include the following: (1) all amounts received by GovGuam as proceeds of Federal income taxes derived from Guam ("Section 30" monies); (2) customs duties collected by GovGuam derived from Guam; (3) the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported to the United States, its Territories or possessions, or consumed in Guam; and (4) the proceeds of any other taxes which may be levied by Congress on the inhabitants of Guam. "Revenue" further includes all interest, profits or other income derived from investments in any fund or account created pursuant to the bond indenture.

In accordance with the Indenture, the following funds are established:

- Section 30 Revenue Fund - GovGuam shall deposit or cause to be deposited all Section 30 Revenues upon receipt into the Section 30 Revenue Fund which the Trustee shall maintain and hold in trust, except that all interest and other profit from the investment of moneys in the Rebate Fund will be retained therein, all interest and other profit from the investment of moneys in the Project Fund will be transferred to the Capitalized Interest Account, which shall be established, maintained and held in trust by the Depositary as a separate account within the Section 30 Revenue Fund. The Trustee shall be entitled to and shall collect and receive all of the Section 30 Revenues, and any Section 30 Revenues collected or received by GovGuam shall be deemed to be held, and to have been collected or received, by GovGuam as the agent of the Trustee and shall promptly be paid by GovGuam to the Trustee.

On the fifth day of each calendar month, the Trustee shall transfer from the Section 30 Revenue Fund (to the Co-Trustee or Depositary, as necessary), for deposit into one or more separate funds, amounts in the order of priority as required under the Indenture, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Section 30 Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority: (A) the Debt Service Fund; (B) the Bond Reserve Fund; (C) the Rebate Fund; (D) the Bond Expense Fund; and (E) the Section 30 Surplus Fund.

- Debt Service Fund - The Debt Service Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Debt Service Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable and (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture.

(6) Long-Term Obligations, Continued

Limited Obligation (Section 30) Bonds, 2016 Series A, Continued:

- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.

- Project Fund - At closing, there shall be deposited in the Series 2016A Project Account a portion of the proceeds of the 2016A Bonds. Moneys on deposit therein will be disbursed to fund the 2016 Hospital Working Capital Project, which consists of refinancing an outstanding working capital loan in the approximate principal amount of $20.1 million, and finance approximately $45 million of vendor accounts payable.

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Trustee upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

The "Section 30 Revenue Fund", "Capitalized Interest Account", "Debt Service Fund", "Bond Reserve Fund", "Project Fund" and "Bond Expense Fund" accounts are accounted for within the General Fund.

Hotel Occupancy Tax Revenue Bonds, 2011 Series A:

The 2011 Series A Hotel Occupancy Tax Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 30-228 and an Indenture, as supplemented by a First Supplemental Indenture, each dated April 1, 2011. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depositary for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Hotel Occupancy Tax revenues. Hotel Occupancy Tax revenues are amounts levied at the rate of 11% on transient occupancy of hotel rooms in Guam.

In accordance with the Indenture, the following funds are established:

- Revenue Fund - GovGuam shall deposit or cause to be deposited all Hotel Occupancy Tax Revenues upon receipt in a special fund designated as the "Revenue Fund", which the Trustee, as Depositary, will establish and maintain and hold in trust pursuant to the Indenture.

(6) Long-Term Obligations, Continued

Hotel Occupancy Tax Revenue Bonds, 2011 Series A, Continued:

On or before the fifth day of each calendar month following the calendar month in which the 2011 Series A Hotel Occupancy Tax Bonds are delivered, the Trustee shall transfer from the Revenue Fund (to the Co-Trustee or Depositary, as necessary), for deposit into one or more separate funds, amounts in the order of priority as required under the Indenture, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Hotel Occupancy Tax revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority: (A) the Bond Fund; (B) the Bond Reserve Fund; (C) the Rebate Fund; (D) the Bond Expense Fund; (E) such amount specified by the budget enacted by *I Liheslaturan Guåhan* (the Guam Legislature) for the Guam Visitors Bureau; and (F) the Tourist Attraction Fund.

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D:

- Construction Fund - At closing, there shall be deposited in the Series 2011A Construction Account within the Construction Fund a portion of the proceeds of the 2011A Bonds. Moneys on deposit therein will be disbursed to fund the 2011A Bonds Project, which consists of advance refunding 1997 Infrastructure Improvement Bonds and to provide additional proceeds to fund the construction of a new Guam Museum and other projects for the benefit of Guam's tourism industry.

- Bond Reserve Fund - The Indenture requires the Trustee to establish and maintain the Bond Reserve Fund and to deposit with respect to any series of Bonds an amount equal to the Bond Reserve Fund Requirement to be held by the Trustee. The Bond Reserve Fund Requirement means, as of any date of calculation and with respect to any Bonds, an amount equal to (i) the least of (A) Maximum Annual Debt Service, calculated on all such Bonds Outstanding as of such date, (B) one hundred twenty-five percent (125%) of average annual debt service on all such Bonds Outstanding as of such date, or (C) such amount as may be calculated in connection with the issuance of an Additional Series of Bonds by adding not more than ten percent (10%) of the original principal amount of such Additional Series of Bonds to the Bond Reserve Fund Requirement immediately before such issuance, or (ii) such larger amount as may be established as the Bond Reserve Fund Requirement by any Supplemental Indenture and which, in the opinion of Bond Counsel, may be funded from Bond proceeds and invested at an unlimited yield consistent with the Internal Revenue Code.

(6) Long-Term Obligations, Continued

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D, Continued:

The "Revenue Fund", "Bond Fund", "Bond Reserve Fund", "Bond Expense Fund" and "Construction Fund" accounts are accounted for within the other governmental funds.

The 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D Business Privilege Tax Bonds are limited obligations of GovGuam and are authorized to be issued pursuant to Public Law 31-76 and an Indenture, as supplemented by a First Supplemental Indenture, each dated December 1, 2011, a Second Supplemental Indenture, dated June 1, 2012, a Third Supplemental Indenture, dated January 1, 2013, and a Fourth Supplemental Indenture, dated September 1, 2015. Under the Indenture, GovGuam appointed a Trustee, Co-Trustee and Depositary for the Bonds and a Paying Agent and registrar for the Bonds. The Bonds are payable entirely from a first lien and pledge of Gross Receipts Tax (GRT) revenues. GRT revenues are amounts levied by GovGuam at the rate of 4% (5% effective April 1, 2018) on certain goods and services, including the sale of tangible personal property and the provision of professional services.

In accordance with the Indenture, the following funds are established:

- Proceeds Fund - Moneys on deposit in the Proceeds Fund will be disbursed by the Depositary for the payment of Eligible Expenses to be funded from Bond proceeds and the costs associated with the issuance of the Bonds.

- Revenue Fund - GovGuam shall deposit or cause to be deposited all GRT upon receipt in a special fund designated as the "Revenue Fund", which the Trustee, as Depositary, will establish and maintain and hold in trust pursuant to the Indenture.

On or before the twenty-fifth day of each calendar month, the Trustee shall transfer from the Revenue Fund (to the Co-Trustee or Depositary, as necessary), for deposit into one or more separate funds, amounts in the order of priority as required under the Indenture, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of GRT revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority: (A) the Bond Fund; (B) the Bond Reserve Fund; (C) the Rebate Fund; (D) the Bond Expense Fund; and (E) GovGuam, free and clear from the lien of the Indenture, the balance of the Revenue Fund.

- Bond Fund - The Bond Fund shall initially be held by the Trustee, and the Trustee shall apply moneys on deposit in the Bond Fund in the amounts and at the times required by the Indenture solely to (1) pay interest on the Bonds as it becomes due and payable, (2) pay principal of Bonds when due and payable, (3) purchase or redeem or pay at maturity Term Bonds as provided in the Indenture, (4) pay Parity Payment Agreement payments as they become due and payable, and (5) pay Credit Agreement Reimbursement payments as they become due and payable.

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

(6) Long-Term Obligations, Continued

Business Privilege Tax Revenue Bonds - 2011 Series A, 2012 Series B, 2013 Series C and 2015 Series D, Continued:

- Bond Expense Fund - All amounts in the Bond Expense Fund shall be used and withdrawn by the Depositary upon receipt of a Requisition of GovGuam, solely for the purpose of paying (i) fees and expenses of the Fiduciaries, as such term is defined in the Indenture, (ii) fees and expenses with respect to any Parity Payment Agreement or Credit Facility, as such term is defined in the Indenture, and (iii) any other costs or expenses designated as payable from the Bond Expense Fund by a Supplemental Indenture.

The “Proceeds Fund”, "Revenue Fund”, “Bond Fund” and “Bond Expense Fund" accounts are accounted for within the General Fund.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures and loan covenants as of September 30, 2018.

Prior-Year Defeasance of Debt:

In prior years, GovGuam defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in GovGuam’s financial statements. At September 30, 2018, $564,180,000 of bonds outstanding are considered defeased.

(7) Changes in Long-Term Liabilities

Other long-term liabilities will generally be liquidated in the future from the General Fund. During the year ended September 30, 2018, the following changes occurred in liabilities reported as part of the primary government’s long-term liabilities in the statement of net position:

	Balance October 1, 2017 (As Restated)	Additions	Reductions	Balance September 30, 2018	Due Within One Year
GO Bonds payable:					
General obligation bonds	$ 15,230,000	$ -	$ (4,785,000)	$ 10,445,000	$ 5,070,000
Discount on bonds issued	(357,979)	-	116,102	(241,877)	-
	14,872,021	-	(4,668,898)	10,203,123	5,070,000
LO Bonds payable:					
Limited obligation bonds	1,071,165,000	-	(18,125,000)	1,053,040,000	21,510,000
Premium on bonds issued	96,836,453	-	(4,389,882)	92,446,571	-
Discount on bonds issued	(1,685,218)	-	73,006	(1,612,212)	-
	1,166,316,235	-	(22,441,876)	1,143,874,359	21,510,000
Loans payable	10,357,318	-	(773,374)	9,583,944	5,795,189
Other long-term liabilities:					
Compensated absences	26,116,303	6,277,554	(10,882,909)	21,510,948	7,319,970
Capital lease obligations	200,062,016	-	(7,974,147)	192,087,869	8,255,215
DCRS sick leave liability	34,718,763	924,145	(18,432,642)	17,210,266	-
Net pension liability	1,117,803,682	21,995,903	(134,628,104)	1,005,171,481	-
OPEB liability	1,731,286,159	-	(61,412,135)	1,669,874,024	-
Tax credits payable	4,826,124	-	(1,187,023)	3,639,101	3,639,101
Due to IRS	19,937,926	-	-	19,937,926	19,937,926
Landfill closure	16,186,087	3,825,999	-	20,012,086	-
	3,150,937,060	33,023,601	(234,516,960)	2,949,443,701	39,152,212
	$ 4,342,482,634	$ 33,023,601	$ (262,401,108)	$ 4,113,105,127	$ 71,527,401

(7) Changes in Long-Term Liabilities, Continued

Other long-term liabilities include an amount due to the Internal Revenue Service (IRS) for excess Make Work Pay Credit (MWPC) payments received under the American Recovery and Reinvestment Act of 2009. In accordance with an agreement between GovGuam and the IRS, the amount due was renegotiated in the amount of $19,937,926. GovGuam has yet to finalize repayment terms and conditions with the IRS; however, GovGuam anticipates repayment to occur in three equal annual amounts of $5,500,000 with a final payment of $3,437,926.

In addition, other long-term liabilities include an amount due to landowners in the original amount of $29,112,970, inclusive of interest. On October 31, 2012, a Court Order was issued for the payment of approximately $25,115,683 for the condemnation of land which encompasses the Layon landfill. A payment of $3,410,000 was deposited to the Court and distributed to the landowners with the remaining balance of $21,705,683 plus interest at 6% per annum calculated from January 24, 2008 to be made. GovGuam negotiated long-term tax credit certificates with certain landowners. During the year ended September 30, 2018, tax credits in the amount of $1,187,023 were redeemed in lieu of payments with a remaining amount of $3,639,101 associated with this Court Order payable to landowners.

(8) Fund Balances

Classifications of fund balances comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following table enumerates the governmental funds fund balance classifications:

	General	Federal Grants Assistance	GDOE Federal Grants	Chamorro Lands	Nonmajor Governmental Funds	Total
Nonspendable:						
Pacific Islands Development Bank	$ 1,000,000	$ -	$ -	$ -	$ -	$ 1,000,000
Land trust	-	-	-	458,751,008	-	458,751,008
Inventories	2,610,374	-	-	-	-	2,610,374
	3,610,374	-	-	458,751,008	-	462,361,382
Restricted:						
State Fiscal Stabilization Fund	73,196	-	-	-	-	73,196
First Generation Trust Initiative	659,279	-	-	-	-	659,279
Debt service reserve	79,521,311	-	-	-	13,857,889	93,379,200
Municipal school lease	5,761,403	-	-	-	-	5,761,403
Tourism-related capital projects	-	-	-	-	8,498,081	8,498,081
Chamorro Loan Guarantee	-	-	-	-	640,576	640,576
Ancestral Land Bank	-	-	-	-	8,558,970	8,558,970
Landfill-related capital projects	-	-	-	-	8,077,106	8,077,106
Other purposes	81,081	-	-	-	-	81,081
	86,096,270	-	-	-	39,632,622	125,728,892
Committed:						
First Generation Trust Initiative	100,000	-	-	-	-	100,000
General government	3,537,757	-	-	-	7,999,865	11,537,622
Protection of life and property	59,481	-	-	-	4,724,634	4,784,115
Public health	518,588	-	-	-	19,218,706	19,737,294
Community services	-	-	-	-	52,491	52,491
Recreation	-	-	-	-	5,314,517	5,314,517
Individual and collective rights	7,220,451	-	-	-	359,376	7,579,827
Transportation	-	-	-	-	1,856,809	1,856,809
Public education	5,028	-	-	-	3,318,427	3,323,455
Environmental protection	-	-	-	-	7,608,366	7,608,366
Economic development	-	-	-	-	578,747	578,747
	11,441,305	-	-	-	51,031,938	62,473,243
Assigned:						
Other purposes	-	147,606	-	-	-	147,606
Unassigned	(184,596,812)	-	-	-	(1,801,801)	(186,398,613)
	$(83,448,863)	$ 147,606	$ -	$ 458,751,008	$ 88,862,759	$ 464,312,510

(9) Deficit Net Position

The following individual component units reflect a deficit net position at September 30, 2018:

Guam Community College	$ 13,398,655
Guam Memorial Hospital Authority	$ 246,185,358
Guam Power Authority	$ 18,308,650
University of Guam	$ 80,513,069
Guam Economic Development Authority	$ 18,666,617
Guam Educational Telecommunications Corporation	$ 1,367,412

(10) Interfund/Intrafund Transactions

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2018, are as follows:

	Transfers Out	Transfers In
General Fund:		
Federal Grants Assistance Fund	$ 33,949,553	$ -
Nonmajor governmental funds	8,168,842	26,740,066
Fiduciary funds	162,875	872,527
	42,281,270	27,612,593
Federal Grants Assistance Fund:		
General Fund	-	33,949,553
GDOE Federal Grants Fund	7,661,550	-
	7,661,550	33,949,553
GDOE Federal Grants Fund:		
Federal Grants Assistance Fund	-	7,661,550
Nonmajor governmental funds:		
General Fund	26,740,066	8,168,842
Nonmajor governmental funds	9,054,843	9,054,843
	35,794,909	17,223,685
Fiduciary funds:		
General Fund	872,527	162,875
	$ 86,610,256	$ 86,610,256

(10) Interfund/Intrafund Transactions, Continued

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid. Specifically, GovGuam transferred $33,949,553 from the General Fund to the Federal Grants Assistance Fund representing local match requirements under various federal grant awards; $7,426,907 from the General Fund to the nonmajor governmental funds to finance charter schools administered by the Guam Department of Education; $3,364,982 from the nonmajor governmental funds to the General Fund to finance General Fund operations; $15,785,302 from the nonmajor governmental funds to the General Fund to primarily finance public school operations and debt service requirements; and $7,661,550 from the Federal Grants Assistance Fund to the GDOE Federal Grants Fund to finance municipal school lease payments and other programs administered by the Guam Department of Education.

(11) Pensions

GovGuam is statutorily responsible for providing pension benefits for GovGuam employees through the GovGuam Retirement Fund (GGRF).

A. General Information About the Pension Plans:

Plan Description: GGRF administers the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan, and the Defined Contribution Retirement System (DCRS). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995. Article 1 of 4 GCA 8, Section 8105, requires that all employees of GovGuam, regardless of age or length of service, become members of the DB Plan prior to the operative date. Employees of a public corporation of GovGuam have the option of becoming members of the DB Plan prior to the operative date. All employees of GovGuam, including employees of GovGuam public corporations, whose employment commenced on or after October 1, 1995 and prior to January 1, 2018, were required to participate in the Defined Contribution Retirement System (DCRS) Plan. Hence, the DB Plan became a closed group.

Members of the DB Plan who retired prior to October 1, 1995, or their survivors, are eligible to receive annual supplemental annuity payments. In addition, members of the DB Plan and the DCRS Plan who retired prior to September 30, 2017 are eligible to receive an annual ad hoc cost of living allowance (COLA).

A single actuarial valuation is performed annually covering all plan members and the same contribution rate applies to each employer. GGRF issues a publicly available financial report that includes financial statements and required supplementary information for the DB Plan. That report may be obtained by writing to the Government of Guam Retirement Fund, 424 A Route 8, Maite, Guam 96910, or by visiting GGRF's website – www.ggrf.com.

(11) Pensions, Continued

A. General Information About the Pension Plans, Continued:

Plan Membership: As of September 30, 2017 (the measurement date), plan membership consisted of the following:

DB members:	
Inactive employees or beneficiaries currently receiving benefits	7,279
Inactive employees entitled to but not yet receiving benefits	4,289
Active employees	2,058
	13,626
DCRS members:	
Active employees	9,027
	22,653

Benefits Provided: The DB Plan provides pension benefits to retired employees generally based on age and/or years of credited service and an average of the three highest annual salaries received by a member during years of credited service, or $6,000, whichever is greater. Members who joined the DB Plan prior to October 1, 1981 may retire with 10 years of service at age 60 (age 55 for uniformed personnel); or with 20 to 24 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 25 years of service at any age. Members who joined the DB Plan on or after October 1, 1981 and prior to August 22, 1984 may retire with 15 years of service at age 60 (age 55 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 60; or upon completion of 30 years of service at any age.

Members who joined the DB Plan after August 22, 1984 and prior to October 1, 1995 may retire with 15 years of service at age 65 (age 60 for uniformed personnel); or with 25 to 29 years of service regardless of age with a reduced benefit if the member is under age 65; or upon completion of 30 years of service at any age. Upon termination of employment before attaining at least 25 years of total service, a member is entitled to receive a refund of total contributions including interest. A member who terminates after completing at least 5 years of service has the option of leaving contributions in the GGRF and receiving a service retirement benefit upon attainment of the age of 60 years. In the event of disability during employment, members under the age of 65 with six or more years of credited service who are not entitled to receive disability payments from the United States Government are eligible to receive sixty six and two-thirds percent of the average of their three highest annual salaries received during years of credited service. The DB Plan also provides death benefits.

Supplemental annuity benefit payments are provided to DB retiree members in the amount of $4,238 per year, but not to exceed $40,000 per year when combined with their regular annual retirement annuity. Annual COLA payments are provided to DB retiree and DCRS members in a lump sum amount of $2,000. Both supplemental annuity benefit payments and COLA payments are made at the discretion of the Guam Legislature, but are funded on a “pay-as-you-go” basis so there is no plan trust. It is anticipated that ad hoc COLA and supplemental annuity payments will continue to be made for future years at the same level currently being paid.

(11) Pensions, Continued

A. General Information About the Pension Plans, Continued:

On September 20, 2016, the Guam Legislature enacted Public Law 33-186, which created two new government retirement plans; the DB 1.75 Plan and the Guam Retirement Security Plan (GRSP). Commencing April 1, 2017 through September 30, 2018, eligible employees may elect, during the "election window", to participate in the DB 1.75 Plan or the GRSP with an effective date of January 1, 2018. Beginning January 1, 2018, all new employees shall be automatically enrolled in the GRSP. New employees have sixty (60) days from the date of hire to elect to participate in the DCRS.

The DB 1.75 Plan is open for participation by certain existing employees, new employees, and reemployed employees who would otherwise participate in the DC Plan or the new GRSP and who make election on a voluntary basis to participate in the DB 1.75 Plan by December 31, 2017. Employee contributions are made by mandatory pre-tax payroll deduction at the rate of 9.5% of the employee's base salary while employer contributions are actuarially determined. Members of the DB 1.75 Plan automatically participate in the GovGuam deferred compensation plan, pursuant to which employees are required to contribute 1% of base salary as a pre-tax mandatory contribution.

Contributions and Funding Policy: Contribution requirements of participating employers and active members to the DB Plan are determined in accordance with Guam law. Employer contributions are actuarially determined under the One-Year Lag Methodology. Under this methodology, the actuarial valuation date is used for calculating the employer contributions for the second following fiscal year. For example the September 30, 2016 actuarial valuation was used for determining the year ended September 30, 2018 statutory contributions. Member contributions are required at 9.55% of base pay.

As a result of actuarial valuations performed as of September 30, 2016, 2015, and 2014, contribution rates required to fully fund the Retirement Fund liability, as required by Guam law, for the years ended September 30, 2018, 2017 and 2016, respectively, have been determined as follows:

	2018	2017	2016
Normal costs (% of DB Plan payroll)	15.97%	16.27%	15.86%
Employee contributions (DB Plan employees)	9.55%	9.55%	9.54%
Employer portion of normal costs (% of DB Plan payroll)	6.42%	6.72%	6.32%
Employer portion of normal costs (% of total payroll)	1.60%	1.87%	1.94%
Unfunded liability cost (% of total payroll)	22.12%	21.60%	22.42%
Government contribution as a % of total payroll	23.72%	23.47%	24.36%
Statutory contribution rates as a % of DB Plan payroll:			
Employer	27.83%	27.41%	28.16%
Employee	9.55%	9.55%	9.54%

GovGuam's contributions to the DB Plan for the years ended September 30, 2018, 2017 and 2016 were $44,467,536, $24,416,430 and $27,161,102, respectively, which were equal to the statutorily required contributions for the respective years then ended.

(11) Pensions, Continued

A. General Information About the Pension Plans, Continued:

GovGuam's contributions to the supplemental annuity benefit payments and the COLA payments for the years ended September 30, 2018, 2017 and 2016 were $18,094,182, $18,033,330 and $18,115,779, respectively, which were equal to the statutorily required contributions for the respective years then ended.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Contributions into the DCRS plan by members are based on an automatic deduction of 5% (6.2% effective January 1, 2018) of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions for the DCRS plan for the year ended September 30, 2018 are determined using the same rates as the DB Plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the DCRS (6.2% effective January 1, 2018). The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

GovGuam's contributions to the DCRS Plan for the years ended September 30, 2018, 2017 and 2016 were $48,699,660, $67,736,957 and $69,814,835, respectively, which were equal to the required contributions for the respective years then ended. Of these amounts, $38,672,664, $55,387,310 and $57,420,971 were contributed toward the unfunded liability of the DB Plan for the years ended September 30, 2018, 2017 and 2016, respectively.

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Pension Liability: At September 30, 2018, the GovGuam reporting entity reported a net pension liability for its proportionate share of the net pension liabilities measured as of September 30, 2017, which is comprised of the following:

	Primary Government	Fiduciary Funds	Component Units	Total
Defined Benefit Plan	$ 758,224,443	$ 4,361,639	$ 379,663,311	$ 1,142,249,393
Ad Hoc COLA/supplemental annuity Plan for DB Retirees	205,215,544	919,703	82,011,874	288,147,121
Ad Hoc COLA Plan for DCRS Retirees	41,731,494	379,377	20,334,619	62,445,490
	$ 1,005,171,481	$ 5,660,719	$ 482,009,804	$ 1,492,842,004

(11) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

The following presents GovGuam and its component units change in proportion since the prior measurement date of September 30, 2016 to the current measurement date of September 30, 2017:

	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan For DB Retirees		Ad Hoc COLA Plan For DCRS Retirees	
	Primary Government	Component Units	Primary Government	Component Units	Primary Government	Component Units
Proportion at September 30, 2016	66.76%	33.24%	71.03%	28.97%	66.58%	33.42%
Proportion at September 30, 2017	66.37%	33.63%	71.23%	28.77%	66.82%	33.18%
Increase/(decrease)	-0.39%	0.39%	0.20%	-0.20%	0.24%	-0.24%

Pension Expense (Benefit): For the year ended September 30, 2018, the GovGuam reporting entity recognized pension expense (benefit) for its proportionate share of plan pension expense from the above pension plans as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Defined Benefit Plan	$ (40,611,132)	$ 421,112	$ (13,189,714)	$ (53,379,734)
Ad Hoc COLA/supplemental annuity Plan for DB Retirees	59,039,401	301,395	23,280,884	82,621,680
Ad Hoc COLA Plan for DCRS Retirees	3,567,634	31,453	1,706,896	5,305,983
	$ 21,995,903	$ 753,960	$ 11,798,066	$ 34,547,929

Deferred Outflows and Inflows of Resources: At September 30, 2018, the primary government reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan For DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ -	$ -	$ 1,896,085	$ 324,168
Net difference between projected and actual earnings on pension plan investments	-	36,848,720	-	-	-	-
Changes of assumptions	-	-	-	-	4,214,743	2,775,442
Contributions subsequent to the measurement date	82,130,064	-	16,830,182	-	1,264,000	-
Changes in proportion and difference between GovGuam contributions and proportionate share of contributions	477,822	1,688,817	159,567	60,659	540,129	288,673
	$ 82,607,886	$ 38,537,537	$ 16,989,749	$ 60,659	$ 7,914,957	$ 3,388,283

(11) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at September 30, 2018 will be recognized in pension expense as follows:

Year Ending September 30	Defined Benefit Plan	Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees	Ad Hoc COLA Plan for DCRS Retirees
2019	$ (8,510,916)	$ 98,908	$ 153,631
2020	(2,266,087)	-	153,631
2021	(16,279,754)	-	153,631
2022	(11,002,958)	-	153,631
2023	-	-	153,631
Thereafter	-	-	2,494,519
	$ (38,059,715)	$ 98,908	$ 3,262,674

At September 30, 2018, GovGuam's component units reported total deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Defined Benefit Plan		Ad Hoc COLA/ Supplemental Annuity Plan for DB Retirees		Ad Hoc COLA Plan For DCRS Retirees	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -	$ -	$ -	$ 923,910	$ 157,957
Net difference between projected and actual earnings on pension plan investments	-	18,451,144	-	-	-	-
Changes of assumptions	-	-	-	-	2,053,731	1,296,888
Contributions subsequent to the measurement date	40,210,488	-	6,869,241	-	594,000	-
Changes in proportion and difference between contributions and proportionate share of contributions	342,119	302,504	93,901	87,434	691,633	1,129,274
	$ 40,552,607	$ 18,753,648	$ 6,963,142	$ 87,434	$ 4,263,274	$ 2,584,119

Actuarial Assumptions: Actuarially determined contribution rates for the DB Plan are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates are as follows:

Valuation Date:	September 30, 2016
Actuarial Cost Method:	Entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	May 1, 2031 (14.58 years remaining as of September 30, 2016)

(11) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Asset Valuation Method:	3-year smoothed market value (effective September 30, 2009)
Inflation:	2.75% per year
Total payroll growth:	2.75% per year
Salary Increases:	4% to 7.50%
Retirement age:	50% are assumed to retire upon first eligibility for unreduced retirement. Thereafter, the probabilities of retirement are 20% until age 75, and 100% at age 75.
Mortality:	RP-2000 healthy mortality table set forward by 3 years for males and 2 years for females. Mortality for disabled lives is the RP 2000 disability mortality table set forward by 6 years for males and 4 year for females.

The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2011 to September 30, 2015.

The investment rate assumption as of September 30, 2016 was 7%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the expected nominal return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Nominal Return
U.S. Equities (large cap)	29%	8.78%
U.S. Equities (small cap)	7%	9.45%
Non-U.S. Equities	13%	9.15%
Non-U.S. Equities (small cap)	4%	9.15%
Non-U.S. Equities (emerging markets)	1%	10.75%
U.S. Fixed Income (aggregate)	25%	4.85%
Risk parity	8%	8.36%
High yield bonds	8%	7.35%
Global Real Estate (REITs)	5%	8.71%

(11) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Changes in Actuarial Assumptions: The following changes in actuarial assumptions occurred from the September 30, 2015 valuation to the September 30, 2016 valuation:

Mortality: The mortality table used as of September 30, 2016, is the RP-2000 combined mortality table, set forward by 3 years for males and 2 years for females. The mortality table used for disabled lives is the RP-2000 disability mortality table, set forward by 6 years for males and 4 years for females. Mortality improvement is assumed to be 30% of Scale BB, projected generationally from 2016. For the prior valuation, the mortality table used was the RP-2000 combined mortality table, set forward by 4 years for males and 1 year for females. The mortality table used for disabled lives was the RP-2000 disability mortality table for males and females. No provision was made for future mortality improvement in the prior valuation.

Salary Increases: Salaries are assumed to increase 7.5% per year for employees in their first 5 years of service, 6.0% for service between 6 and 10 years, 5.0% for service between 11 and 15 years, and 4.0% for service after 15 years. For the prior valuation, salaries were assumed to increase 7.5% per year for employees in their first 5 years of service, 6.0% for service between 6 and 10 years, 5.0% for service between 11 and 15 years, and 4.5% for service after 15 years.

Total Payroll Growth: Total payroll for defined benefit and defined contribution members is assumed to increase 2.75% per year. For the prior valuation, total payroll for defined benefit and defined contribution members was assumed to increase 3.0% per year.

Retirement Age: 50% of employees are assumed to retire when first eligible for unreduced retirement. Thereafter, 20% of employees will retire at each year until age 75, at which time all remaining employees are assumed to retire. For the prior valuation, 40% of employees are assumed to retire when first eligible for unreduced retirement. Thereafter, 15% of employees would retire at each year until age 65, and 20% of employees would retire from age 65 until age 70, at which time all remaining employees were assumed to retire.

Rates of Disability: The assumed rates of disability are based on the 1974-78 Society of Actuaries Long Term Disability Non-Jumbo table, with rates reduced by 50% for males and 75% for females. For the prior valuation, these rates were based on the 1974-78 Society of Actuaries Long Term Disability Non-Jumbo, with rates reduced by 50% for both males and females.

Leave Adjustments: Unused leave is assumed to increase a member's service by 1.5 years and increases average earnings by 5% at retirement. For the prior valuation, unused leave is assumed to increase service by 1.5 years and increased average earnings by 10% at retirement.

Survivor Benefit - Minor Children: An average of 0.2 eligible child survivors is assumed at the time of a retiree's death, with payments to the child survivor continuing for 6 years. For the prior valuation, this survivor benefit was assumed to increase the value of retirement benefits by 0.67% and survivor benefits by 20% for active members.

(11) Pensions, Continued

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued:

Discount Rate: The discount rate used to measure the total pension liability for the DB Plan as of September 30, 2017 was 7.0% (6.7% as of September 30, 2016), which is equal to the expected investment rate of return. The expected investment rate of return applies to benefit payments that are funded by plan assets (including future contributions), which includes all plan benefits except supplemental annuity payments to DB retirees and ad hoc COLA to both DB and DCRS retirees. The discount rate used to measure the total pension liability for the supplemental annuity and ad hoc COLA payments as of September 30, 2017 was 3.64% (3.058% as of September 30, 2016), which is equal to the rate of return of a high quality bond index.

Discount Rate Sensitivity Analysis: The following presents the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to GovGuam's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Defined Benefit Plan:

	1% Decrease in Discount Rate 6.0%	Current Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
Primary government	$ 941,044,948	$ 758,224,443	$ 600,762,991
Fiduciary funds	5,413,303	4,361,639	3,455,852
Component units	471,206,440	379,663,311	300,818,139
	$ 1,417,664,691	$ 1,142,249,393	$ 905,036,982

Ad Hoc COLA/Supplemental Annuity Plan for DB Retirees:

	1% Decrease in Discount Rate 2.64%	Current Discount Rate 3.64%	1% Increase in Discount Rate 4.64%
Primary government	$ 223,910,014	$ 205,215,544	$ 188,959,065
Fiduciary funds	1,003,485	919,703	846,847
Component units	89,482,890	82,011,874	75,515,172
	$ 314,396,389	$ 288,147,121	$ 265,321,084

Ad Hoc COLA Plan for DCRS Retirees:

	1% Decrease in Discount Rate 2.64%	Current Discount Rate 3.64%	1% Increase in Discount Rate 4.64%
Primary government	$ 47,453,117	$ 41,731,494	$ 36,856,709
Fiduciary funds	431,391	379,377	335,061
Component units	23,122,610	20,334,619	17,959,269
	$ 71,007,118	$ 62,445,490	$ 55,151,039

(12) Other Post Employment Benefits (OPEB)

GovGuam's Department of Administration is responsible for administering the GovGuam Group Health Insurance Program, which provides medical, dental, and life insurance benefits to retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. The program covers retirees and is considered an other postemployment benefits plan.

A. General Information About the OPEB Plan:

Plan Description: The other postemployment benefits plan is an agent multiple-employer defined benefit plan that provides healthcare benefits to eligible employees and retirees who are members of the GovGuam Retirement Fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Governor's recommended budget and the annual General Appropriations Act enacted by the Guam Legislature provide for a premium level necessary for funding the program each year on a "pay-as-you-go" basis. Because the OPEB Plan consists solely of GovGuam's firm commitment to provide OPEB through the payment of premiums to insurance companies on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

Plan Membership: As of September 30, 2016, the date of the most recent valuation (the actuarial valuation date), plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	7,342
Active plan members	10,282
	17,624

Benefits Provided: GovGuam provides post employment medical, dental and life insurance benefits to GovGuam retirees, spouses, children and survivors, which are the same benefits as provided to active employees. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GovGuam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. Three types of health plans are offered to eligible participants:

- Standard islandwide Preferred Provider Organization (PPO) Plan
- High Deductible (Health Savings Account - HSA) PPO Plan
- Retiree Supplement Plan (RSP)

The PPO and HSA Plans apply to both active employees and retirees and work with set deductible amounts whereas the RSP Plan is an added option for retirees only.

Contributions: No employer contributions are assumed to be made since an OPEB trust has not been established. Instead, the OPEB plan is financed on a substantially "pay-as-you-go" basis whereby contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

(12) Other Post Employment Benefits (OPEB), Continued

B. Total OPEB Liability:

As of September 30, 2018, the GovGuam reporting entity reported a total OPEB liability of $2,438,880,978 of which GovGuam (the primary government) and its component units reported $1,669,874,024 and $769,006,954, respectively, for their proportionate share of the total OPEB liability measured as of September 30, 2017. The following presents GovGuam and its component units proportion change in proportion since the prior measurement date:

	Primary Government	Component Units
Proportion at prior measurement date, September 30, 2016	68.35%	31.65%
Proportion at measurement date, September 30, 2017	68.47%	31.53%
Increase/(decrease) in proportion	0.12%	-0.12%

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of September 30, 2016 rolled forward to September 30, 2017 (the measurement date) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3%.
Amortization method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary increases:	7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.
Healthcare cost trend rates:	8% for 2016, decreasing 0.25% per year to an ultimate rate of 4.5% for 2030 and later years. Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.
Dental trend rates:	4% per year.
Participation rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retirees will elect to participate. Life - 100% of eligible retirees will elect to participate.

(12) Other Post Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Medicare enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 30, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.
Actuarial cost method:	Entry Age Normal. The costs of each employee's post-employment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Healthy Retiree mortality rates:	RP-2000 Combined Healthy Mortality Table, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates:	RP-2000 Disabled Mortality Table for males and females.
Withdrawal rates:	15% for less than 1 year of service, decreasing 1% for each additional year of service up to 10 years, further decreasing 0.5% for each additional year of service up to 15 years, and 2% for service over 15 years.
Disability rates:	0.05% for beneficiaries aged 20-39 years, 0.1% - 0.53% for beneficiaries aged 40-59 years, and 0.76% for beneficiaries aged 60-64 years.
Retirement rates:	40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the Government of Guam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70. Previously, 50% of employees were assumed to retire at first eligibility for postretirement health benefits, 20% per year thereafter until age 70, and 100% at age 70.

OPEB plan fiduciary net position: As of September 30, 2018, an OPEB trust has not been established thus the OPEB Plan does not presently report OPEB plan fiduciary net position.

(12) Other Post Employment Benefits (OPEB), Continued

B. Total OPEB Liability, Continued:

Discount rate: The discount rate used to measure the total OPEB liability was 3.63% as of September 30, 2017 (3.058% as of September 30, 2016). The projection of cash flows used to determine the discount rate assumed that contributions from GovGuam will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 3.63% municipal bond rate as of September 30, 2017 was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Total OPEB Liability:

Changes in the total OPEB liability are as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
At October 1, 2017	$1,731,286,159	$ 11,891,310	$ 789,575,571	$2,532,753,040
Changes for the year:				
Service cost	75,604,392	310,853	32,719,430	108,634,675
Interest	54,820,281	370,990	24,960,511	80,151,782
Change of assumptions	(163,423,981)	(1,195,008)	(77,368,862)	(241,987,851)
Benefit payments	(28,412,827)	(140,730)	(12,117,111)	(40,670,668)
Net change	(69,244,441)	(653,895)	(31,806,032)	(101,704,368)
At September 30, 2018	$1,669,874,024	$ 11,237,415	$ 757,769,539	$2,438,880,978

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the sensitivity of the total OPEB liability to changes in the discount rate. The sensitivity analysis shows the impact to GovGuam's proportionate share of the total OPEB liability if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate 2.63%	Current Discount Rate 3.63%	1% Increase in Discount Rate 4.63%
Primary government	$ 1,983,560,999	$ 1,669,874,024	$ 1,418,268,847
Fiduciary funds	13,358,319	11,237,415	9,536,259
Component units	900,787,870	757,769,539	643,055,970
Total	$ 2,897,707,188	$ 2,438,880,978	$ 2,070,861,076

(12) Other Post Employment Benefits (OPEB), Continued

C. Changes in the Total OPEB Liability, Continued:

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The sensitivity analysis shows the impact to GovGuam's proportionate share of the total OPEB liability if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease 7% Year 1 Decreasing to 3.5%	Healthcare Cost Trend Rates 8% Year 1 Decreasing to 4.5%	1% Increase 9% Year 1 Decreasing to 5.5%
Primary government	$ 1,372,368,240	$ 1,669,874,024	$ 2,058,203,392
Fiduciary funds	9,225,916	11,237,415	13,862,992
Component units	622,128,647	757,769,539	934,819,347
Total	$ 2,003,722,803	$ 2,438,880,978	$ 3,006,885,731

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2018, the GovGuam reporting entity reported total OPEB expense of $192,253,885 of which GovGuam (the primary government), its fiduciary funds and its component units reported $131,847,124, $833,901 and $59,572,860, respectively, for its proportionate share the total OPEB expense measured for the year ended September 30, 2017. At September 30, 2018, GovGuam reported deferred outflows of resources and deferred inflows of resources related to OPEB for the primary government, its fiduciary funds and its component units from the following sources:

	Primary Government		Fiduciary Funds		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$123,582,385	$142,423,931	$ 835,567	$ 962,958	$ 56,344,535	$ 64,934,903
Contributions subsequent to the measurement date	31,936,232	-	-	-	13,827,106	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	11,011,148	2,701,909	-	255,891	4,319,068	4,004,695
	$166,529,765	$145,125,840	$ 835,567	$ 1,218,849	$ 74,490,709	$ 68,939,598

(12) Other Post Employment Benefits (OPEB), Continued

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued:

Deferred outflows resulting from contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at September 30, 2018 will be recognized in OPEB expense as follows:

Year Ending September 30	Primary Government	Fiduciary Funds	Component Units
2019	$ 4,078,383	$ (38,756)	$ 1,041,261
2020	4,078,383	(38,756)	1,041,261
2021	4,078,383	(38,756)	1,041,261
2022	4,078,383	(38,756)	1,041,261
2023	(26,307,291)	(223,708)	(12,191,800)
Thereafter	(538,548)	(4,550)	(249,239)
	$ (10,532,307)	$ (383,282)	$ (8,275,995)

(13) Commitments and Contingencies

A. War Reparations

On December 23, 2016, the President of the United States signed into law the Guam World War II Loyalty Recognition Act, which authorizes the adjudication of claims for eligible individuals who suffered harm during the World War II occupation of Guam by Imperial Japanese military forces. Payment of claims submitted by compensable Guam victims and survivors of compensable Guam decedents are to be paid by the United States from a special claims fund established by the Secretary of the Treasury from Section 30 federal income tax revenues collected by the United States in excess of annual estimates. As the liability for these payments has been assumed by the United States government, funded by these excess collections, no liability for any amount, relating to the settlement of these claims, has been recorded in the accompanying financial statements.

B. Landfill Closure and Postclosure Costs

State and federal laws and regulations require GovGuam to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure and post closure care costs reported as expenditures in the accompanying financial statements represent actual closure and post closure care costs incurred during fiscal year 2018. The estimated landfill closure and post closure care liability at September 30, 2018 is not included in the accompanying fund financial statements. Instead, GovGuam has reported an amount of $13,993,016 as landfill closure and post closure care liability at September 30, 2018 within GovGuam's government-wide financial statements based on 100% capacity for the Ordot Dump and $6,019,070 reported based on the use of 6.24% of the estimated capacity of Layon landfill. The Layon landfill consists of up to eleven cells and has an estimated lifespan of 50 years. Currently, GovGuam is utilizing two cells that together have a projected life of 10 years. GovGuam will recognize the remaining estimated cost of closure and post closure care of $96,459,442 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2018. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

(13) Commitments and Contingencies, Continued

B. Landfill Closure and Postclosure Costs, Continued

On February 11, 2004, GovGuam and the U.S. Environmental Protection Agency filed a Consent Decree in the United States District Court of Guam. The consent decree included deadlines for the opening of a new landfill and implementing an Ordot Dump closure plan. Within a period of forty-five months, GovGuam was required to complete an environmental impact statement analyzing at least three potential new landfill locations; complete design, permitting, and construction for the selected landfill location; begin operations at the new landfill; and properly and permanently close the Ordot Dump. In the event that GovGuam failed to meet any of the stipulated deadlines under the consent decree, GovGuam would be liable for civil penalties.

On March 17, 2008, the United States District Court of Guam issued a Court Order that placed the Solid Waste Division of the Department of Public Works (DPW) in Guam in Receivership. After receiving and reviewing qualifications information on firms presented by GovGuam and the U.S. Environmental Protection Agency, and conducting interviews and reference checks, the District Court Judge selected and appointed a receiver. The Receiver was given full power and authority to enforce the terms of the Consent Decree, including closure of the Ordot Dump and opening of a new landfill, and assume all of the responsibilities for the operations of DPW's Solid Waste Division. For the year ended September 30, 2018, recorded Receiver related expenditures were $1,573,154 with accumulated Receiver related expenditures since the appointment of the Receiver on March 17, 2008 through September 30, 2018 amounting to $20,837,926. Of this amount, $3,848,700 was funded by the General Fund and the remaining was funded from solid waste operations. The District Court maintains a separate trust account from which Receiver fees are paid. Accordingly, timing differences occur between GovGuam records and the fees actually paid and payable to the Receiver by the District Court of Guam.

Pursuant to the Court Order, the appointment of the Receiver shall be for the period necessary to achieve compliance with the consent decree unless: (a) the Receiver recommends termination of the Court Order as no longer necessary, or modification thereof, and said termination or modification is accepted by the court, (b) the Receiver requests to be relieved and such request is approved by the court, and (c) the Court Order is otherwise modified or terminated by the court.

On February 13, 2009, the United States District Court of Guam issued a Court Order associated with the DPW Solid Waste Division Receivership requiring GovGuam to provide for costs of the new landfill. On June 4, 2009, GovGuam issued $202,425,000 in Limited Obligation Revenue Bonds for the purpose of financing facilities of the Solid Waste Management System of Guam. On August 31, 2011, the Ordot Dump was finally closed and the Layon landfill opened on September 1, 2011.

C. Borrowing Authority

On September 30, 2008, the Guam Legislature enacted Public Law 29-113 authorizing the purchase of certain firefighting equipment in the amount of $7,850,000. The financing of this equipment purchase is to be funded by entering into a debt agreement or other financing source, with lower cost of funds, for a term not to exceed ten (10) years. On December 24, 2008, the Guam Legislature enacted Public Law 29-135 authorizing the design and construction of a Land Resources Public Facility in the amount of $15,750,000. The financing of this facility is to be funded by entering into a financing arrangement with the U.S. Department of Agriculture or other financing source, with lower cost of funds, for a term not to exceed forty (40) years. As of September 30, 2018, no commitments have been entered into with respect to these authorizations.

(13) Commitments and Contingencies, Continued

D. Permanent Injunction

On June 8, 2004, the United States District Court of Guam issued a Permanent Injunction, which was subsequently amended on June 30, 2005, requiring GovGuam's Department of Mental Health and Substance Abuse (MHSA) and Department of Integrated Services for Individuals with Disabilities (DISID) to provide treatment and develop programs to mentally ill patients residing on Guam.

On March 2, 2010, the Court issued a Court Order appointing a Federal Management Team (FMT) in order to achieve compliance with the amended Permanent Injunction. The Court Order also required the payment of $1,500,000 to be deposited with the Court for the purpose of funding the activities of the FMT. On September 8, 2010, the Court approved the FMT's Plan of Action. On November 9, 2010, the Court issued a Court Order requiring the payment of $15,950,000 to be deposited with the Court for the purpose of funding the cost of implementation of the Amended Permanent Injunction and Plan of Action, of which GovGuam had deposited prerequisite payments of $7,500,000.

On October 7, 2011, the Court issued a Court Order deferring the remainder of the required deposits pending the adoption of the FMT's Plan of Action.

On August 3, 2012, the Court issued a Court Order returning control of MHSA and DISID back to GovGuam for the purpose of fulfilling the requirements of the Permanent Injunction; however, the requirement to make the remaining deposits remains in the event that GovGuam fails to comply with the amended Permanent Injunction. Fines and penalties may be imposed by the Court for noncompliance with this Permanent Injunction. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

E. University of Guam (UOG) and Guam Community College (GCC) Buildings

On September 12, 2016, GCC signed a facilities lease agreement with the GCC Endowment Foundation, Inc. for the lease of the GCC Gregorio G. Perez Crime Lab Building and Building # 100 for a period of forty-two years up to September 30, 2058. On December 28, 2016, the Foundation entered into a $5,000,000 loan from the U.S. Department of Agriculture (USDA) for construction of the facilities. As of September 30, 2018, no drawdowns have been made against this loan.

On October 6, 2016, UOG signed a facilities lease agreement with the UOG Endowment Foundation, Inc. for the lease of the UOG Student Success Center College of Natural and Applied Sciences - Engineering Annex. On December 5, 2016, the Foundation entered into a $21,700,000 loan from the USDA for the renovation and expansion of the facilities. As of September 30, 2018, no drawdowns have been made against this loan.

F. Tax Refunds

On August 12, 2012, the United States District Court of Guam held a hearing regarding GovGuam's administration of the Guam Territorial Income Tax (GTIT) and the lack of timely payment of tax refunds. On January 30, 2013, the Court issued a Permanent Injunction requiring GovGuam to pay GTIT refunds no later than six months after the filing of the claim for refund or six months from the due date for filing the claim for refund, whichever is later in time. Fines and penalties may be imposed by the Court for noncompliance with this Permanent Injunction.

(13) Commitments and Contingencies, Continued

G. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. If questioned costs are ultimately disallowed, the General Fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements. Audits of federal program funds are also performed by various federal agencies. If audits result in cost disallowances, the General Fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying basic financial statements. Fines and penalties may also be imposed by various federal agencies for violations of certain regulations. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to reasonably estimate these fines and penalties.

H. Municipal School Lease Agreements

Guam Public School Facilities Project:

On October 19, 2006, GovGuam issued, on behalf of the Guam Department of Education (GDOE), $50,880,000 in 2006 Series A Certificates of Participation (COPS) and $14,015,000 in 2006 Series B COPS to finance the design, construction, insurance and maintenance of four new schools (the “Leased Schools”) on Guam, Okkodo High School, Astumbo Middle School, Adacao Elementary School and Liguan Elementary School. The proceeds of the COPS were remitted to a trustee, who then remitted the amounts to a developer as construction progressed.

On November 12, 2008, GovGuam issued, on behalf of GDOE, $7,520,000 in 2008 Series A COPS to finance the off-site infrastructure improvements, equipment and athletic field lighting (the “Leased Facilities”) for the use of the Leased Schools.

The holders of the COPS are the current owners of the Leased Schools. Accordingly, GovGuam’s rental payments for the use of the Leased Schools and Facilities are paid to a trustee, who then remits those amounts to the holders of the COPS, with annual rental payments to be funded by a pledge of U.S. Compact Impact grant revenues through December 1, 2022 with the remaining payments subject to future appropriations by the Guam Legislature. Payments commenced on December 1, 2006 in the amount of $6,100,000 and continue through December 1, 2025 (with incremental increases on December 1, 2008 through December 1, 2018), with varying interest rates at 4.5% - 5.875% per annum. Title to the Leased Schools and Facilities will transfer to GDOE upon the payment of all required rents.

Commencing in 2010, $7,100,000 of Compact Impact grant revenues will be received annually for a ten year period and $1,000,000 will be allocated for rental, principal and interest, to fund additional equipment requirements, as defined. Subsequent to that ten year period, the annual grant returns to $6,100,000.

On January 20, 2016, the Guam Legislature enacted Public Law 33-118 authorizing the refinance of the 2006 Series A COPS, the 2006 Series B COPS and the 2008 Series A COPS with the obligation of GovGuam not to exceed 30 years or extend the original leaseback period.

(13) Commitments and Contingencies, Continued

H. Municipal School Lease Agreements, Continued

Guam Public School Facilities Project, Continued:

On August 4, 2016, GovGuam issued, on behalf of GDOE, $25,665,000 in 2016 Series A COPS and $12,905,000 in 2016 Series B COPS. The proceeds of the COPS were remitted to a trustee, who then used the funds to provide a portion necessary to defease the lien of the Trust indenture dated September 1, 2006 and supplement dated October 1, 2008, by and between the trustee and holders of the COPS. Proceeds were also used to refund and redeem the 2006 Series A COPS and 2006 Series B COPS on October 1, 2026 and to refund the 2008 Series A COPS as they become due. Proceeds were also used to fund the reserve requirement with respect to the Certificate Debt Service Fund for the COPS and delivery costs.

On October 1, 2016, the lease commenced the first automatic annual renewal term through September 30, 2026 as stated on the amended lease agreement dated August 1, 2016.

Future minimum lease obligations to maturity for the Guam Public School Facilities Project Lease, are as follows:

Year ending September 30,	Principal	Interest	Additional Rental	Total
2019	$ 4,010,000	$ 1,591,400	$ 1,000,000	$ 6,601,400
2020	3,205,000	1,451,125	1,000,000	5,656,125
2021	3,370,000	1,286,750	1,000,000	5,656,750
2022	3,535,000	1,114,125	1,000,000	5,649,125
2023	3,710,000	933,000	1,000,000	5,643,000
2024 - 2027	16,805,000	1,731,875	4,000,000	22,536,875
	$ 34,635,000	$ 8,108,275	$ 9,000,000	$ 51,743,275

John F. Kennedy High School Project:

On September 16, 2010, GovGuam issued, on behalf of GDOE, $65,735,000 in 2010 Series A COPS to finance the demolition, acquisition, construction, renovation and installation of facilities comprising the new John F. Kennedy (JFK) High School (the “new High School”). The proceeds of the COPS were remitted to a trustee, who then remitted the amounts to a developer as construction progressed.

The holders of the COPS are the owners of the new High School. Accordingly, GDOE’s rental payments for the use of the new High School are paid to a trustee, who then remits those payments to the holders of the COPS, with annual rental payments subject to appropriations by the Guam Legislature. Payments commenced on December 1, 2010, for base and additional rentals and continue through December 1, 2040 (with incremental increases subsequent to the first payment), with varying interest rates of 5.5% - 6.875% per annum. Title to the new High School will transfer to GDOE upon the payment of all required rents.

(13) Commitments and Contingencies, Continued

H. Municipal School Lease Agreements, Continued

Future minimum lease obligations to maturity for the John F. Kennedy High School Project Lease are as follows:

Year ending September 30,	Principal	Interest	Additional Rental	Total
2019	$ 1,155,000	$ 3,976,900	$ 1,568,000	$ 6,699,900
2020	1,225,000	3,906,550	1,568,000	6,699,550
2021	1,315,000	3,812,050	1,568,000	6,695,050
2022	1,380,000	3,749,909	1,568,000	6,697,909
2023	1,475,000	3,656,663	1,568,000	6,699,663
2024 - 2028	8,985,000	16,656,213	7,840,000	33,481,213
2029 - 2033	12,505,000	13,134,250	7,840,000	33,479,250
2034 - 2038	17,445,000	8,193,625	7,840,000	33,478,625
2039 - 2041	13,770,000	1,619,921	4,704,000	20,093,921
	$ 59,255,000	$ 58,706,081	$ 36,064,000	$ 154,025,081

Okkodo High School Expansion Project:

On June 3, 2011, the Guam Legislature enacted Public Law 31-74 authorizing the expansion of Okkodo (also referred as Ukudo) High School as authorized under Section 1521 of the American Recovery and Reinvestment Act of 2009 and the issuance of tax exempt bonds of lease certificates.

On March 15, 2013, GovGuam issued, on behalf of GDOE, $21,818,000 in 2013 Series A COPS and $1,000,000 in 2013 Series B COPS to finance the expansion. The holders of the COPS are the current owners of Okkodo High School.

Expansion was funded by appropriations from the Guam Legislature from available Section 30 revenues, tax credits, 2013 Series A Construction Account, 2013 Series B Construction Account, the Holding Fund and the Trust Fund established pursuant to the Trust Agreement. The expansion project was completed on July 10, 2014.

Payments include base rental and additional rental. On June 1, 2014 and on June 1 and December 1 of each year through September 2030, payments of principal and interest at a true rate of 2.44% per annum (calculated on a 360 day year and 30 day month) commence. Additional rental payment of $1,867,336 commenced on October 15, 2013. On October 15, 2014, and on October 15 of each year thereafter through September 2030, additional rental will decrease to $650,000.

On August 17, 2016, the 2013 Series B COPS were refunded through the issuance of the Limited Obligation (Section 30) bonds, 2016 Series A.

(13) Commitments and Contingencies, Continued

H. Municipal School Lease Agreements, Continued

Okkodo High School Expansion Project, Continued:

Future minimum lease obligations to maturity for the Okkodo High School Expansion Project Lease are as follows:

Year ending September 30,	Principal	Interest	Additional Rental	Total
2019	$ 1,020,000	$ 1,268,960	$ 650,000	$ 2,938,960
2020	1,090,000	1,196,335	650,000	2,936,335
2021	1,170,000	1,118,635	650,000	2,938,635
2022	1,250,000	1,035,335	650,000	2,935,335
2023	1,340,000	946,260	650,000	2,936,260
2024 – 2028	9,300,000	2,976,575	2,600,000	14,876,575
2029 – 2031	2,868,000	231,315	-	3,099,315
	$ 18,038,000	$ 8,773,415	$ 5,850,000	$ 32,661,415

Tiyan Lease:

On June 23, 2009, the Guam Legislature enacted Public Law 30-37, authorizing GovGuam, on behalf of GDOE, to enter into a lease agreement with an option to purchase for certain property located in Tiyan to temporarily house the JFK High School. The facility was vacated by JFK High School in September 2011 and subsequently occupied by Untalan Middle School in January 2013. The lease, which is renewable annually, had a fixed annual rent of $4,493,256 for the first five years payable in cash or by transferable tax credits. Rent commenced in August 2009 with a term through June 30, 2024. Other tenants include the Guahan Charter School Academy and the Guam Police Department, which represent a small portion of the total Tiyan property under lease.

On December 30, 2011, GovGuam entered into an amendment extending the initial term to October 31, 2024 with a four-month rent abatement from October 1, 2011 through, January 31, 2012 due to non-occupancy of the property.

On December 30, 2013, GovGuam, on behalf of GDOE, exercised the option to purchase the leased Tiyan property. In addition to the purchase price of $43,500,000 that comprises the Tiyan High School premises, the Guam Legislature enacted Public Law 31-229, authorizing GovGuam, on behalf of GDOE, to purchase additional property and the construction of new buildings and facilities for the Tiyan High School and the GDOE administration in the amount of $43,648,970. Title to the Tiyan properties under the lease will transfer to GDOE upon the payment of all required rents. Tiyan 3 lot is owned by the Guam International Airport Authority under lease with the lessor and will be up for renewal in December 2041.

In October 2014, the Tiyan Lease Purchase Agreement was amended to extend the lease term through December 31, 2041 plus $7,499,090 of collateral equipment for the buildings to be constructed. Repayment in the form of tax credits only apply for lease amounts due through January 2015 and included the aforementioned collateral equipment. Effective February 2015, rent and additional rent (insurance and maintenance) due are to be paid in the form of cash.

(13) Commitments and Contingencies, Continued

H. Municipal School Lease Agreements, Continued

Tiyan Lease, Continued:

Annual rent includes principal, interest at 10% per annum of outstanding principal balance, insurance and maintenance costs.

Future minimum lease obligations to maturity for the Tiyan lease agreement is as follows:

Year ending September 30,	Principal	Interest	Additional Rental	Total
2019	$ 2,070,215	$ 6,198,958	$ 1,844,754	$ 10,113,927
2020	2,210,626	6,030,840	1,872,461	10,113,927
2021	2,355,270	5,874,430	1,884,227	10,113,927
2022	2,390,821	5,797,721	1,925,385	10,113,927
2023	2,519,800	5,656,331	1,937,797	10,113,928
2024 - 2028	15,107,163	25,051,387	10,411,086	50,569,636
2029 - 2033	19,755,820	19,361,622	11,452,195	50,569,637
2034 - 2038	26,159,763	11,812,866	12,597,414	50,570,043
2039 - 2041	7,590,391	1,899,403	3,284,852	12,774,646
	$ 80,159,869	$ 87,683,558	$ 47,210,171	$ 215,053,598

Assets acquired through the aforementioned capital leases are as follows:

Asset:	
Buildings	$ 255,720,236
Land	8,511,600
	264,231,836
Less accumulated depreciation	(39,936,756)
	$ 224,295,080

These buildings and land are summarized as follows:

JFK High School	$ 65,735,000
Tiyan High School	43,500,000
Okkodo High School	42,581,348
Okkodo High School Expansion	22,818,000
New Office	24,587,809
Astumbo Middle School	18,383,500
Adacao Elementary School	14,482,938
Liguan Elementary School	13,082,080
Tiyan 3 (lot)	8,000,000
Tiyan Gymnasium	4,947,008
Tiyan Office	2,900,000
Warehouse II	1,360,427
Tiyan Warehouse	806,200
Warehouse/Mezzanine	535,926
Office and Warehouse II (lot)	511,600
	$ 264,231,836

(13) Commitments and Contingencies, Continued

I. Sick Leave

It is the policy of GovGuam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 2018. The estimated accumulated amount of unused sick leave at September 30, 2018, is $120,084,801, of which an estimated $17,210,266 has been accrued and may be convertible to pay members of the DCRS upon retirement.

J. Litigation

GovGuam is party to several legal proceedings arising from governmental operations; however, the Attorney General of Guam is unable to assess the likelihood of potential liabilities related to claims outstanding as of September 30, 2018. Hence, it is not possible to predict a reasonable estimation of these claims to be paid through the claims process, as set forth in footnote 13K below and, therefore, no provision for any liability that may result has been made in the accompanying financial statements.

K. Self-Insurance

GovGuam does not purchase insurance covering potential risks; it is substantially self-insured against claims for negligence and catastrophic losses. In the event that losses arise from such claims or disasters, the General Fund would be required to pay the majority of these losses. An annual appropriation is made to the Government Claims Fund and then valid claims are paid out against the appropriated amount. GovGuam has not experienced material prior year losses as a result of this policy. Virtually all discretely presented component units have some form of commercial insurance to insure against risk of loss such as property, liability and typhoon.

L. Deposits with Treasurer

Insurance companies doing business on Guam are required under sections 43102 and 43202 of the Government Code of Guam, to deposit with the Commissioner of Insurance an amount equal to the minimum amount of paid-in-capital required under Article III of Title 39 of the Government Code. The deposit requirement is met with any good and sufficient bond as set by the Commissioner. Bonds currently take various forms and range from a surety bond to bank certificates of deposit. Deposits are likewise required of foreign banks and foreign exchanges. At September 30, 2018, $13,317,866 was held by GovGuam in bonds as security against possible claims.

M. Medicare

Prior to October 1998, GovGuam did not withhold or remit funds to the U.S. Social Security System for the health insurance component. GovGuam has since reevaluated this position and has commenced withholding such amount from its employees. If GovGuam is found to be liable for prior year nonpayment an indeterminate liability could result. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

(13) Commitments and Contingencies, Continued

N. Cost of Living Adjustment (COLA) Liability

In August 1988, Public Law 19-19, as codified in 4 G.C.A. § 8137.1, required GovGuam to pay an annual lump sum COLA to retirees and survivors on the first retirement payday after July 1 of each year. In October 1993, a GovGuam retiree filed a class action suit on behalf of 4,877 retirees and survivors, alleging that they were being denied the COLA benefits prescribed by 4 G.C.A. § 8137.1. The "COLA class" consisted of all GovGuam retirees and survivors that were entitled to retirement benefits during COLA years 1990 through 1994 (payout years July 1991 through July 1995). The Petitioner alleged that GovGuam did not implement 4 G.C.A. § 8137.1. The Governor and the GovGuam Retirement Fund subsequently submitted to the Court their respective calculations of the COLA owed under seal. In October 2006, the Superior Court of Guam, pursuant to 4 G.C.A. § 8137.1, ordered the GovGuam Retirement Fund to revise its initial August 2006 COLA calculation of $96 million, which resulted in the award of $123,580,231 to the COLA class. As of September 30, 2018, the outstanding COLA liability amounted to $4,531,673. In accordance with Public Law 31-76, the accrual of interest on outstanding awards ceased commencing October 1, 2011.

O. Chamorro Land Trust Commission (CLTC) Loan Guarantee Fund

GovGuam through the CLTC is authorized to loan or guarantee the repayment of or otherwise underwrite any authorized loan to a Chamorro homeland lessee up to a maximum amount not to exceed the financial ability of the borrower. In the event of default, these loan guarantees may shift the lender's default risk entirely to the CLTC whereby the lender may call upon the CLTC to make partial or full payment of the guaranteed loan. As of September 30, 2018, the CLTC has guaranteed $10,405,552 of loans outstanding for Chamorro homeland residential lessees. CLTC management is of the opinion that defaulted loans may be reassigned to credit worthy borrowers and that the CLTC has substantial defenses available to it in the event of litigation. As a result, at this time, management does not believe that material exposure exists related to this event. Therefore, no provision for a liability that may arise from this matter has been recorded in the accompanying financial statements.

(14) Discretely Presented Component Unit Disclosures

A. Restricted Assets

Antonio B. Won Pat International Airport Authority (AWPIAA):

The bond indentures for AWPIAA require the establishment of special funds and accounts to be held and administered by AWPIAA's trustees for the accounting of the monies. At September 30, 2018, cash and cash equivalents and investments held by the trustees, in trust for AWPIAA, in these funds and accounts are as follows:

Federal Grants Fund	$ 7,651,781
Operations and Maintenance Reserve Fund	12,381,104
Operations and Maintenance Fund	7,861,747
General Revenue Fund	5,595,985
Self-Insurance Fund	6,498,133
Capital Improvement Fund	45,460,649
Construction Fund	25,143,372
Bond Reserve Funds	19,212,257
Debt Service Funds	17,995,139
Renewal and Replacement Fund	1,000,249
	$ 148,800,416

(14) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Assets, Continued

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2018, restricted cash and cash equivalents held for this purpose amounted to $356,694.

The Guam Community College Endowment Foundation, Inc., a legally separate tax-exempt foundation of GCC, was established for the primary purpose of providing a vehicle for the contributions of funds to support activities, goals, plans, projects, and programs at GCC that are not funded or not adequately being funded by GovGuam or traditional resources and to provide a public community relations program. At September 30, 2018, restricted investments held for this purpose amounted to $13,499,862.

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2018, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Supportive Housing for the Elderly	$ 504,582
Section 8 HCV	979,140
Public Housing	1,333,127
Low Rent Housing	4,329
Revolving Fund	106,488
	$ 2,927,666

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 2012, 2014 and 2017 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2018, restricted cash and cash equivalents and investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	$ 49,970,719
Interest and Principal Funds	17,997,927
Working Capital Funds	30,513,345
Bond Reserve Funds	48,600,661
Self-insurance Fund	19,258,353
Revenue Funds	14,719,830
Energy Sense Fund	1,085,472
Surplus Funds	20,518,166
	$ 202,664,473

(14) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Assets, Continued

Guam Waterworks Authority (GWA):

The bond indenture agreements for GWA's 2010, 2013, 2014, 2016 and 2017 series revenue bonds require the establishment of special funds and accounts to be held and administered by GWA's trustees. At September 30, 2018, restricted cash and cash equivalents held by the trustees, in trust for GWA, in these funds and accounts are as follows:

Construction Funds	$ 159,753,667
Bond Reserve Fund	27,572,994
Debt Service Fund	27,726,119
Operations, Maintenance, Renewal and Replacement Fund	17,423,213
Operations and Maintenance Fund	16,749,591
Revenue Fund	7,123,854
Capital Improvement Fund	17,655,289
	$ 274,004,727

Furthermore, GWA maintained restricted cash and cash equivalents for specific capital projects related accounts. At September 30, 2018, these consisted of the following:

Customer Deposit Fund	$ 1,860,120
Legislative Surcharge Fund	305,127
Meter Reserve Fund	660,254
Sewer Hook-up Revolving Fund	65,499
Island Water and Sewer Infrastructure Development Fund	10,184,847
	$ 13,075,847

Port Authority of Guam (PAG):

The bond indenture agreements for PAG's 2018 series revenue bonds require the establishment of special funds and accounts to be held and administered by PAG's trustees. At September 30, 2018, restricted cash and cash equivalents held by the trustees, in trust for PAG, in these funds and accounts are as follows:

Construction Fund	$ 47,991,705
Bond Reserve Fund	5,337,736
Debt Service Fund	229,326
Capitalized Interest Fund	5,159,266
Cost of Issuance Fund	19,565
Working Capital Reserve Fund	3,009,413
Operations and Maintenance Fund	10,552,976
Renewal and Replacement Reserve Fund	508,667
Revenue Fund	4,532,488
Capital Improvement Fund	4,216,478
	$ 81,557,620

Furthermore, PAG maintained restricted cash and cash equivalents for specific capital projects related accounts. At September 30, 2018, these consisted of the following:

Crane Replacement Sinking Fund	$ 3,227,097
Facility Maintenance Fund	4,179,198
	$ 7,406,295

(14) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Assets, Continued

University of Guam (UOG):

At September 30, 2018, UOG maintained restricted cash and cash equivalents and investments for the following purposes:

Enhancement of Learning Resources and Technology	$ 2,191,566
Guam Cancer Trust Fund	4,992,546
Debt Service and Operations and Maintenance Reserve Funds	750,134
Endowment Funds	14,297,678
Other	62,686
	$ 22,294,610

The University of Guam Endowment Foundation, Inc., a legally separate tax-exempt foundation of UOG, was established for the primary purpose of providing a vehicle for the contributions of funds to support activities, goals, plans, projects, and programs at UOG that are not funded or not adequately being funded by GovGuam or traditional resources and to provide a public community relations program. At September 30, 2018, restricted investments held for this purpose amounted to $12,991,509.

Guam Housing Corporation (GHC):

Cash and cash equivalents are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2018, cash and cash equivalents held by GHC in these funds and accounts are as follows:

Revolving Loan Fund	$ 1,181,971
Trust fund and borrower's deposit	576,220
Foreclosure Protection Fund	508,789
First-time Homeowner Assistance Program	117,459
Community Affordable Housing Action Trust	290,058
Hazard Mitigation Program	163,241
Tenant security deposits	133,740
	$ 2,971,478

The bond indenture for GHC requires the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of the monies. At September 30, 2018, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:	
Revenue Fund	$ 2,251,317

Guam Economic Development Authority (GEDA):

The bond indenture for GEDA requires the establishment of special debt service funds and accounts to be held and administered by GEDA's trustees for the accounting of the monies. At September 30, 2018, restricted short-term money market fund investments held for this purpose amounted to $4,434,923.

(14) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Assets, Continued

Guam Visitors Bureau (GVB):

Cash and cash equivalent balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2018, cash and cash equivalents held by GVB in these funds and accounts are as follows:

Rainy Day Fund	$ 1,227,958
Cultural and Sports Ambassadors Fund	307,395
Tourist Attraction Fund Projects	520,955
	$ 2,056,308

B. Deposits and Investments

Antonio B. Won Pat International Airport Authority (AWPIAA):

As of September 30, 2018, the carrying amount of AWPIAA's total cash and cash equivalents was $633,398 maintained in banks, which at times may exceed federal depository insurance limits. At September 30, 2018, $250,000 of bank deposits was covered by federal depository insurance, with the remainder being uninsured and uncollateralized.

At September 30, 2018, AWPIAA's investments are held and administered by trustees in accordance with bond indentures for the purpose of funding various capital projects and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in AWPIAA's name by AWPIAA's custodial financial institutions at September 30, 2018.

AWPIAA has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income:				
U.S. Treasury obligations	$ 9,976,138	$ 9,976,138	$ -	$ -
U.S. Government agencies	4,834,110	-	4,834,110	-
Exchange Traded Products	4,238,311	4,238,311	-	-
Mutual Funds	1,179,093	1,179,093	-	-
Corporate notes	1,924,416	-	1,924,416	-
Total investments by fair value level	22,152,068	$ 15,393,542	$ 6,758,526	$ -
Investments measured at the net asset value (NAV):				
Money market funds	83,886,302			
Investments measured at amortized cost:				
Cash	24,558,140			
Time certificates of deposit	8,654,712			
Interest-earning contracts	9,549,194			
	$ 148,800,416			

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Antonio B. Won Pat International Airport Authority (AWPIAA), Continued:

As of September 30, 2018, AWPIAA's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury obligations	$ 2,037,830	$ 7,938,308	$ -	$ -	$ 9,976,138
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	2,877,373	96,589	-	-	2,973,962
Federal National Mortgage Association	-	1,860,148	-	-	1,860,148
Exchange Traded Products	4,238,311	-	-	-	4,238,311
Mutual funds	1,179,093	-	-	-	1,179,093
Corporate notes	778,011	1,146,405	-	-	1,924,416
	$ 11,110,618	$ 11,041,450	$ -	$ -	$ 22,152,068

AWPIAA's exposure to credit risk at September 30, 2018, was as follows:

Standard & Poor's/Moody's Credit Rating	
Aaa/AAA	$ 10,678,458
Aaa/AAA	39,810
Aa/AA	298,425
A	886,000
Baa/BBB	200,396
Ba	499,785
Not rated	9,549,194
	$ 22,152,068

Guam Community College (GCC):

As of September 30, 2018, the carrying amount of GCC's cash and cash equivalents and time certificates of deposit was $14,207,819 and the corresponding bank balance was $12,467,829, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2018, bank deposits in the amount of $750,000 were FDIC insured. GCC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GCC has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Mutual fund	$ 1,959,164	$ 1,959,164	$ -	$ -
Investments measured at amortized cost:				
Time certificates of deposit	2,042,000			
	$ 4,001,164			

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Community College (GCC), Continued:

Investments held by the Guam Community College Endowment Foundation, Inc., a legally separate tax-exempt foundation of GCC, consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Restricted for endowments:	
Money market funds	$ 561,881
Certificates of deposit	1,240,622
U.S. Government notes and bonds	572,613
Government and government-sponsored entity bonds	1,191,258
Corporate bonds	1,593,981
Exchange-traded funds	13,990
Common stocks	8,325,517
	$ 13,499,862

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2018, the carrying amount of GHURA's total cash and cash equivalents was $15,047,364 and the corresponding bank balances were $15,045,362, which is maintained in financial institutions subject to FDIC insurance or fully collateralized by securities held by a trustee in the name of the financial institution. As of September 30, 2018, bank deposits in the amount of $250,000 were FDIC insured or collateralized by U.S. securities.

Guam Memorial Hospital Authority (GMHA):

As of September 30, 2018, the carrying amount of GMHA's total cash and cash equivalents was $1,220,606 and the corresponding bank balances were $2,318,983, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2018, bank deposits in the amount of $250,000 were FDIC insured. GMHA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Power Authority (GPA):

As of September 30, 2018, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was $202,480,562 and the corresponding bank balances were $202,627,178. Of the bank balance amount, $59,251,773 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GPA's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GPA's trustees in GPA's name in accordance with various trust agreements and bond indentures. As of September 30, 2018, bank deposits in the amount of $933,751 were FDIC insured. GPA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA), Continued:

At September 30, 2018, GPA's investments are held and administered by trustees in accordance with bond indentures for the purpose of funding various capital projects and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GPA's name by GPA's custodial financial institutions at September 30, 2018.

GPA has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Fixed income:				
U.S. Treasury obligations	$ 7,979,680	$ 7,979,680	$ -	$ -
U.S. Government agencies	39,885,766	39,885,766	-	-
Mutual funds	4,845,762	4,845,762	-	-
Total investments by fair value level	52,711,208	$ 52,711,208	$ -	$ -
Investments measured at amortized cost:				
Time certificates of deposit	999,964			
Commercial paper	13,742,000			
Guaranteed investment certificate	10,562,833			
	$ 78,016,005			

As of September 30, 2018, GPA's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury obligations	$ 7,979,680	$ -	$ -	$ -	$ 7,979,680
U.S. government agencies:					
Federal Home Loan Mortgage Corporation	12,817,949	-	-	-	12,817,949
Federal National Mortgage Association	2,335,830	-	-	-	2,335,830
Federal Home Loan Bank	24,731,987	-	-	-	24,731,987
Guaranteed investment certificate	-	-	-	10,562,833	10,562,833
Mutual funds	4,845,762	-	-	-	4,845,762
Commercial paper	13,742,000	-	-	-	13,742,000
	$ 66,453,208	$ -	$ -	$ 10,562,833	$ 77,016,041

GPA's exposure to credit risk at September 30, 2018, was as follows:

Moody's Credit Rating	
P-1	$ 53,627,766
Aa3	10,562,833
Aaa	7,979,680
Not rated	4,845,762
	$ 77,016,041

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Waterworks Authority (GWA):

As of September 30, 2018, the carrying amount of GWA's total cash and cash equivalents was $290,174,953 and the corresponding bank balances were $290,747,962. Of the bank balance amount, $10,047,143 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $280,700,819 represents short-term investments held and administered by GWA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by GWA's trustees in GWA's name in accordance with various trust agreements and bond indentures. As of September 30, 2018, bank deposits in the amount of $635,502 were FDIC insured. GWA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Port Authority of Guam (PAG):

As of September 30, 2018, the carrying amount of PAG's total cash and cash equivalents was $106,926,358 and the corresponding bank balance was $105,898,226. Of the bank balance amount, $24,340,607 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $81,557,619 represents short-term investments held and administered by PAG's trustees. Based on negotiated trust and custody agreements, all of these investments were held by PAG's trustees in PAG's name in accordance with various trust agreements and bond indentures. As of September 30, 2018, bank deposits in the amount of $500,000 were FDIC insured. PAG does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

University of Guam (UOG):

As of September 30, 2018, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was $21,787,559 and the corresponding bank balance was $28,334,573. Of the bank balance amount, $1,050,605 is maintained in financial institutions subject to FDIC insurance, National Credit Union Administration (NCUA) insurance, or collateralized by securities held by a trustee in the name of the financial institution. UOG does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

UOG has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
U.S. Treasury obligations	$ 2,336,338	$ -	$ 2,336,338	$ -
U.S. Government agencies	824,937	-	824,937	-
Corporate bonds	3,142,710	-	3,142,710	-
Equity securities	14,569,768	14,569,768	-	-
Mutual funds	2,815,580	2,815,580	-	-
Exchange-traded funds	3,258,399	3,258,399	-	-
Total investments by fair value level	26,947,732	$ 20,643,747	$ 6,303,985	$ -
Investments measured at amortized cost:				
Time certificates of deposit	15,465,193			
Money market funds	342,772			
	$ 42,755,697			

As of September 30, 2018, UOG's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury notes	$ -	$ 303,729	$ 1,091,084	$ 941,525	$ 2,336,338
U.S. government agencies	-	435,098	247,963	141,876	824,937
Corporate notes and bonds	-	2,215,538	927,172	-	3,142,710
	$ -	$ 2,954,365	$ 2,266,219	$ 1,083,401	$ 6,303,985

UOG's exposure to credit risk at September 30, 2018, was as follows:

Moody's Rating	Domestic
AAA	$ 2,927,698
A1/A	707,793
A2/A	197,340
A3/A	299,721
A3/BBB	227,378
Baa3/BBB-	10,578
BA1/BB+	185,558
BA2/BB	123,263
BA3/BB-	198,240
B1/BB+	243,861
B2/B	244,987
B3/B	106,750
Caa1	40,979
Not rated	789,839
	$ 6,303,985

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

The University of Guam Endowment Foundation, Inc., a legally separate tax-exempt foundation of UOG, consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments held by the Foundation is as follows:

Restricted for endowments:	
Money market funds	$ 190,755
Mutual funds	261,507
U.S. Government notes and bonds	2,260,493
Domestic equities	10,150,880
Other	127,874
	$ 12,991,509

Guam Housing Corporation (GHC):

As of September 30, 2018, the carrying amount of GHC's cash and cash equivalents was $7,700,579, which is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2018, bank deposits in the amount of $2,609,459 were FDIC insured. GHC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GHC has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
U.S. government agencies:	$ 810,850	$ -	$ 810,850	$ -
Investments measured at amortized cost:				
Money market investments	1,440,467			
	$ 2,251,317			

As of September 30, 2018, GHC's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years)				
		Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. government agencies:						
Federal Home Loan Mortgage Corporation	Aaa	$ -	$ -	$ -	$ 810,850	$ 810,850

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Economic Development Authority (GEDA):

At September 30, 2018, the carrying amount of GEDA's cash and cash equivalents was $14,381,300 and the corresponding bank balance was $14,934,995, of which $11,414,471 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $3,520,524 represents short-term investments held and administered by GEDA's trustees in accordance with a tobacco settlement agreement. Based on a negotiated trust and custody contract, these investments were held in GEDA's name by GEDA's custodial financial institution at September 30, 2018. As of September 30, 2018, bank deposits in the amount of $500,000 were FDIC insured. GEDA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

GEDA has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Mutual funds	$ 3,993,788	$ 3,993,788	$ -	$ -
Exchange-traded funds	3,225,462	3,225,462	-	-
Total investments by fair value level	$ 7,219,250	$ 7,219,250	$ -	$ -

Guam Preservation Trust (GPT):

At September 30, 2018, the carrying amount of GPT's cash and cash equivalents and time certificates of deposit was $1,215,651 and the corresponding bank balance was $1,715,651, which is maintained in financial institutions subject to FDIC insurance.

GPT has the following recurring fair value measurements as of September 30, 2018:

		Fair Value Measurements Using		
	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Equities	$ 372,847	$ 372,847	$ -	$ -
Investments measured at amortized cost:				
Time certificates of deposit	449,939			
Exchange-traded funds	220,822			
Money market investments	169,277			
	$ 1,212,885			

(14) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Visitors Bureau (GVB):

At September 30, 2018, the carrying amount of GVB's cash and cash equivalents and time certificates of deposit was $18,509,233 and the corresponding bank balance was $18,124,614, of which $17,601,345 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $523,269 represents bank deposits in financial institutions not subject to depository insurance. As of September 30, 2018, bank deposits in the amount of $2,906,741 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

At September 30, 2018, investments include time certificates of deposit in the amount of $2,567,898 with original maturities of more than three months, which are fully FDIC insured.

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2018, the carrying amount of GETC's cash and cash equivalents was $124,395 and the corresponding bank balance was $131,929, which is maintained in financial institutions subject to FDIC insurance or credit unions subject to NCUA insurance. As of September 30, 2018, bank deposits in the amount of $99,342 were FDIC insured and bank deposits in the amount of $32,587 were NCUA insured.

C. Receivables

Receivables as of September 30, 2018, for the discretely presented component units, including allowances for uncollectible accounts, are as follows:

	Antonio B. Won Pat International Airport Authority	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
Trade	$ 8,335,506	$ 4,891,100	$ 140,622	$211,584,797	$35,827,728	$22,251,975	$ 5,722,445	$11,686,036	$ 65,754	$ 300,505,963
Federal grants	541,478	662,260	822,773	-	4,578,843	3,837,148	38,422	4,202,298	-	14,683,222
Loans	-	-	4,416,905	-	-	-	-	17,999,479	28,708,835	51,125,219
Interest	-	-	4,798	-	-	-	-	-	67,176	71,974
Other	4,998,462	3,477,661	456,908	93,728	807,618	1,205,563	-	3,219,206	3,101,400	17,360,546
	13,875,446	9,031,021	5,842,006	211,678,525	41,214,189	27,294,686	5,760,867	37,107,019	31,943,165	383,746,924
Allowance	(1,793,321)	(2,245,139)	(219,735)	(177,934,473)	(3,362,283)	(5,516,077)	(228,469)	(22,947,976)	(2,662,063)	(216,909,536)
	$12,082,125	$ 6,785,882	$ 5,622,271	$ 33,744,052	$37,851,906	$21,778,609	$ 5,532,398	$14,159,043	$29,281,102	$ 166,837,388

Guam Housing and Urban Renewal Authority (GHURA):

Loans receivable from first time homebuyers under GHURA's Down Payment and Closing Cost Assistance Program, due in varying monthly installments, interest free and with a maximum loan amount of $18,000 or 18% of the purchase price, with maturities to 2026, collateralized by second mortgages on real estate.

(14) Discretely Presented Component Unit Disclosures, Continued

C. Receivables, Continued

University of Guam (UOG):

The Guam Legislature appropriates funds for the student loan program available to residents of Guam who attend institutions of higher education. UOG is responsible for awarding loans and monitoring compliance with respect to repayment. Due to the uncertainty of collection and due to recipient ability to repay the loans through work credits, student loan receivables are fully reserved for in the year granted, and payments are reflected as recoveries in the year received. As of September 30, 2018, loan receivables are reserved in the amount of $17,999,479.

Guam Housing Corporation (GHC):

Loans receivable from first time homebuyers under GHC's Low Cost Housing Assistance Program, due in varying monthly installments, interest free, with maturities to 2024, collateralized by first mortgages on real estate.	$ 26,840,315
Loans receivable from first time homebuyers under the Community Affordable Housing Action Trust, Hazard Mitigation, Down Payment and Closing Assistance, and the Sagan Linayan Project programs, due in varying monthly installments, interest free.	1,868,520
	$ 28,708,835

D. Due from/due to Primary Government

Receivables and payables reflected as due to/due from primary government at September 30, 2018, are summarized as follows:

	Due From	Due To
Antonio B. Won Pat International Airport Authority:		
Other nonmajor governmental funds	$ -	$ 2,215,251
Guam Community College:		
General Fund	4,907,003	-
Guam Memorial Hospital Authority:		
General Fund	8,974,860	-
University of Guam:		
Other nonmajor governmental funds	1,102,349	-
Guam Visitors Bureau:		
Other nonmajor governmental funds	2,039,601	-
	$ 17,023,813	$ 2,215,251

(14) Discretely Presented Component Unit Disclosures, Continued

E. Capital Assets

Capital asset activities of the discretely presented component units for the year ended September 30, 2018, are as follows:

	Estimated Useful Lives	Balance October 1, 2017	Transfers and Additions	Transfers and Deletions	Balance September 30, 2018
Nondepreciable capital assets:					
Land		$ 90,725,902	$ 17,939,693	$ -	$ 108,665,595
Construction in progress		191,987,177	188,045,061	(83,829,253)	296,202,985
		282,713,079	205,984,754	(83,829,253)	404,868,580
Depreciable capital assets:					
Capital lease assets	20 - 40 yrs	184,849,243	-	(21,763,412)	163,085,831
Buildings and improvements	5 - 60 yrs	1,584,564,640	23,664,428	2,089,349	1,610,318,417
Machinery, equipment and furniture	2 - 40 yrs	222,862,694	23,042,938	(4,467,576)	241,438,056
Infrastructure	10 - 50 yrs	1,021,950,613	54,434,845	(4,597,548)	1,071,787,910
		3,014,227,190	101,142,211	(28,739,187)	3,086,630,214
Less accumulated depreciation		(1,617,299,865)	(102,747,907)	6,938,951	(1,713,108,821)
Depreciable capital assets, net		1,396,927,325	(1,605,696)	(21,800,236)	1,373,521,393
		$1,679,640,404	$ 204,379,058	$ (105,629,489)	$1,778,389,973

F. Bonds Payable

As of September 30, 2018, the discretely presented component units had the following bonds payable outstanding:

Antonio B. Won Pat International Airport Authority (AWPIAA):

General Revenue Bonds, Series 2013 (original issue of $247,335,000, dated September 1, 2013), varying interest rates at 3% - 6.375% per annum, payable semiannually on October 1 and April 1, principal fund payments due in varying annual installments, commencing in October 2014 of $9,845,000 and increasing to a final payment of $10,240,000 in October 2043. The bonds were issued for the purpose of: (1) advance refunding 2003 Series bonds; (2) to finance additions, extensions, and improvements to the Airport; and (3) to provide additional proceeds to fund the Bond Reserve account.	$ 204,705,000
Add net unamortized premium on bonds	1,974,374
	$ 206,679,374

The bond indentures for the 2013 General Revenue Bonds include certain debt service and reserve requirements including the requirement that net revenues as defined in the bond indentures equal at least 125% of the annual debt service.

The aforementioned bond indentures also require the establishment of special funds and accounts to be held and administered by AWPIAA's trustees for the accounting of the bond proceeds.

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Antonio B. Won Pat International Airport Authority (AWPIAA), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 12,010,000	$ 11,568,250	$ 23,578,250
2020	12,605,000	10,952,875	23,557,875
2021	13,230,000	10,307,000	23,537,000
2022	13,885,000	9,629,125	23,514,125
2023	14,580,000	8,865,525	23,445,525
2024 - 2028	29,905,000	36,591,031	66,496,031
2029 - 2033	23,625,000	30,043,931	53,668,931
2034 - 2038	31,745,000	21,665,125	53,410,125
2039 - 2043	42,880,000	10,169,659	53,049,659
2044	10,240,000	318,372	10,558,372
	$ 204,705,000	$ 150,110,893	$ 354,815,893

Guam Power Authority (GPA):

Revenue Bonds, Series 2012 (original issue of $340,620,000, dated October 1, 2012), varying interest rates at 2.98% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $110,000 in October 2013 and increasing to $24,485,000 in October 2034. The bonds have been issued to refund the 1993 and 1999 bonds, and to fund a deposit to the Bond Reserve Fund and satisfy the Bond Reserve Fund Requirement.	$ 339,360,000
Revenue Bonds, Series 2014 (original issue of $76,470,000, dated September 17, 2014), varying interest rates at 4% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $1,310,000 in October 2017 and increasing to $4,855,000 in October 2044. The bonds have been issued to finance a variety of generation, transmission and distribution improvements and systems and information technology upgrades, and to fund a deposit to the Senior Bond Reserve Fund.	75,160,000

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

Revenue Refunding Bonds, Series 2017 (original issue of $148,670,000, dated December 21, 2017), varying interest rates at 4% - 5% per annum, payable semiannually on October 1 and April 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $135,000 in October 2018 and increasing to $16,800,000 in October 2040. The bonds have been issued to refund the 2010 bonds, and to fund cost of issuance.	148,670,000
	563,190,000
Add net unamortized premium on 2017, 2014 and 2012 bonds	43,321,434
	$ 606,511,434

All gross revenues of GPA have been pledged to repay the 2012, 2014 and 2017 series bond principal and interest. The debt service for the 2012, 2014 and 2017 series bonds was $28,084,161 or 7% of pledged gross revenues for the year ended September 30, 2018. Premiums associated with the 2012, 2014 and 2017 bond series are being amortized using the effective interest method over the lives of the bonds.

The bond indentures require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the bond proceeds.

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 1,630,000	$ 28,066,939	$ 29,696,939
2020	16,130,000	27,624,528	43,754,528
2021	20,515,000	26,708,625	47,223,625
2022	21,540,000	25,657,250	47,197,250
2023	22,705,000	24,551,125	47,256,125
2024 - 2028	132,695,000	103,977,125	236,672,125
2029 - 2033	157,575,000	66,979,125	224,554,125
2034 - 2038	112,725,000	30,917,875	143,642,875
2039 - 2043	68,190,000	8,459,650	76,649,650
2044 - 2045	9,485,000	458,475	9,943,475
	$ 563,190,000	$ 343,400,717	$ 906,590,717

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Power Authority (GPA), Continued:

On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the Lehman Brothers and Bank of America. In connection with the agreement, GPA received cash totaling $13,500,000 in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA. Based on the terms of the agreement, gross proceeds totaled $17,521,029 while GPA incurred termination fees and closing costs totaling $3,530,000 and $1,250,529, respectively. The $13,500,000 in net proceeds received included $759,500 of interest income earned as of the closing date of the agreement. The gross proceeds, termination fees and closing costs have been deferred and are amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds.

The following summarizes unamortized costs and unearned revenues at September 30, 2018 associated with this agreement:

Unearned forward delivery contract revenues	$ 8,760,514
Accumulated amortization	(7,008,461)
	$ 1,752,053
Unamortized forward delivery contract costs	$ 2,390,265
Accumulated amortization	(1,912,268)
	$ 477,997

Guam Waterworks Authority (GWA):

Water and Wastewater System Revenue Bonds, Series 2010 (original issue of $118,825,000, dated November 9, 2010), varying interest rates at 4% - 5.625% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $1,055,000 in July 2015 and increasing to a final payment of $14,460,000 in July 2040. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems. These bonds were partially refunded through the issuance of the 2017 refunding bonds.	$ 3,695,000
Water and Wastewater System Revenue Bonds, Series 2013 (original issue of $172,630,000, dated December 12, 2013), varying interest rates at 5% - 5.5% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $2,695,000 in July 2020 and increasing to a final payment of $25,880,000 in July 2043. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems.	172,630,000

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Waterworks Authority (GWA), Continued:

Water and Wastewater System Revenue Refunding Bonds, Series 2014 (original issue of $85,600,000, dated August 7, 2014), varying interest rates at 5% - 6% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $2,900,000 in July 2015 and decreasing to a final payment of $350,000 in July 2035. The bonds have been issued to refund the 2005 bond issue.	72,520,000
Water and Wastewater System Revenue Bonds, Series 2016 (original issue of $143,310,000, dated February 24, 2016), interest rate at 5% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $420,000 in July 2020 and increasing to a final payment of $33,225,000 in January 2046. The bonds have been issued to finance capital improvements to GWA's water and wastewater systems.	143,310,000
Water and Wastewater System Revenue Refunding Bonds, Series 2017 (original issue of $107,660,000, dated December 13, 2017), interest rate at 5% per annum, payable semiannually on January 1 and July 1, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $290,000 in July 2019 and increasing to a final payment of $350,000 in July 2035. The bonds have been issued to refund the 2010 bond issue.	107,660,000
	499,815,000
Add net unamortized premium on 2014, 2016 and 2017 bonds	34,585,139
Less net unamortized discount on 2010 and 2013 bonds	(1,284,520)
	$ 533,115,619

All gross revenues of GWA, except PUC surcharge revenues, have been pledged to repay the 2010, 2013, 2014, 2016 and 2017 series bond principal and interest. The debt service for the 2010, 2013, 2014, 2016 and 2017 series bonds was $31,418,147 or 31% of pledged gross revenues for the year ended September 30, 2018. Premiums and discounts associated with the 2010, 2013, 2014, 2016 and 2017 bond series are being amortized using the effective interest method over the respective lives of the bonds.

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Waterworks Authority (GWA), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 5,715,000	$ 25,653,415	$ 31,368,415
2020	8,770,000	25,405,188	34,175,188
2021	9,270,000	24,959,950	34,229,950
2022	9,745,000	24,489,350	34,234,350
2023	10,235,000	23,994,625	34,229,625
2024 - 2028	59,505,000	111,657,025	171,162,025
2029 - 2033	76,095,000	95,068,388	171,163,388
2034 - 2038	97,635,000	73,532,450	171,167,450
2039 - 2043	127,845,000	45,282,100	173,127,100
2044 - 2046	95,000,000	8,823,875	103,823,875
	$ 499,815,000	$ 458,866,366	$ 958,681,366

Port Authority of Guam (PAG):

Port Revenue Bonds, Series 2018 (original issue of $71,445,000, dated July 11, 2018), varying interest rates at 3.587% - 5% per annum, payable semiannually on March 30 and September 30, principal fund payments due in varying annual installments, commencing in September 2019 of $1,320,000 and increasing to a final payment of $3,405,000 in September 2048. The bonds were issued to: (1) finance capital improvement projects; (2) to retire certain outstanding bank debt; and (3) to provide additional proceeds to fund the Bond Reserve account.	$ 71,445,000
Add net unamortized premium on bonds	5,252,614
	$ 76,697,614

All gross revenues of PAG, except crane surcharge, facility maintenance fee, and public marina revenues, have been pledged to repay the 2018 series bond principal and interest. There was no debt service for the 2018 series bonds during the year ended September 30, 2018. Premium associated with the 2018 bond series are being amortized using the effective interest method over the lives of the bonds.

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Port Authority of Guam (PAG), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 1,320,000	$ 3,349,829	$ 4,669,829
2020	2,380,000	3,371,392	5,751,392
2021	2,465,000	3,280,862	5,745,862
2022	2,560,000	3,182,633	5,742,633
2023	2,685,000	3,063,896	5,748,896
2024 - 2028	15,455,000	13,322,174	28,777,174
2029 - 2033	7,450,000	10,436,250	17,886,250
2034 - 2038	9,510,000	8,378,000	17,888,000
2039 - 2043	12,130,000	5,751,250	17,881,250
2044 - 2048	15,490,000	2,398,500	17,888,500
	$ 71,445,000	$ 56,534,786	$ 127,979,786

Guam Housing Corporation (GHC):

Single Family Mortgage Revenue Bonds, Series 1998, (original issue of $50,000,000, dated April 15, 1998), varying interest rates at 4.7% - 5.75% per annum, payable semiannually on March 1 and September 1, principal fund payments due in varying semiannual installments commencing with a payment of $25,000 in March 2002 and increasing to a final payment of $194,201 in September 2031. The bonds were issued for the purpose of providing money to engage in a home-financing program within the Territory of Guam. $ 3,715,000

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 220,000	$ 203,835	$ 423,835
2020	230,000	193,378	423,378
2021	235,000	182,450	417,450
2022	235,000	170,919	405,919
2023	245,000	157,263	402,263
2024 - 2028	1,460,000	553,725	2,013,725
2029 - 2031	1,090,000	111,838	1,201,838
	$ 3,715,000	$ 1,573,408	$ 5,288,408

All gross revenues of GHC have been pledged to repay the 1998 series bond principal and interest. The debt service for the 1998 series bonds was $404,044 or 17% of pledged gross revenues for the year ended September 30, 2018.

(14) Discretely Presented Component Unit Disclosures, Continued

F. Bonds Payable, Continued

Guam Economic Development Authority (GEDA):

Tobacco Settlement Asset-Backed Bonds, 2007 Series A, (original issue of $33,575,000, dated December 1, 2007), varying interest rates at 5.25% - 5.625% per annum, payable semiannually on June 1 and December 1, principal fund payments due in varying annual installments commencing with a payment of $1,025,000 in June 2008 and increasing to a final payment of $3,840,000 in June 2026. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.	$ 23,980,000
Tobacco Settlement Asset-Backed Capital Appreciation Bonds, 2007 Series B (original issue of $3,407,077, dated December 1, 2007), interest not paid currently, compounded annually on December 1 based on an imputed interest rate of 7.25% to become part of the accreted value until the maturity date or earlier redemptions. The bonds bear an original maturity value of $115,455,000 with final maturity date of June 1, 2057. The projected turbo redemption date, however, is June 1, 2034 with a total projected principal amount of $16,773,618. Under the Turbo Redemption assumption, principal fund payments are due in varying annual installments commencing with a payment of $917,533 in June 2008 and increasing to a final payment of $1,191,488 in June 2034. The Series B bonds are also secured by certain revenues with the Series A bonds; however, they are subordinate to the 2007 Series A Bonds.	16,773,618
	40,753,618
Less net unamortized discount on Series B capital appreciation turbo term bonds	(9,463,009)
Less net unamortized discount on issuance	(588,616)
	$ 30,701,993

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 1,200,000	$ 805,219	$ 2,005,219
2020	1,285,000	737,719	2,022,719
2021	1,380,000	665,226	2,045,226
2022	1,480,000	587,461	2,067,461
2023	1,590,000	504,000	2,094,000
2024 - 2028	12,342,013	975,867	13,317,880
2029 - 2033	10,605,117	-	10,605,117
2034	10,871,488	-	10,871,488
	$ 40,753,618	$ 4,275,492	$ 45,029,110

All Tobacco Settlement Revenue (TSR) of GEDA has been pledged to repay the 2007 series bond principal and interest. The debt service for the 2007 series bonds was $1,365,395 or 112% of pledged TSR revenues for the year ended September 30, 2018.

(14) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable

As of September 30, 2018, the discretely presented component units had the following notes payable outstanding:

Antonio B. Won Pat International Airport Authority (AWPIAA):

Note payable to a bank in the amount of $11,900,000, dated June 27, 2012, interest at 3.75% per annum, due initially in monthly installments of interest commencing July 27, 2012, with monthly installments of principal and interest at 5.75% per annum of $130,625 commencing February 27, 2014 through January 23, 2024. Loan proceeds are to be used to finance energy efficient upgrades. The loan is subject to U.S. Department of Agriculture's (USDA) written commitment to the bank to guaranty no less than 90% of the loan to AWPIAA.	$ 7,185,031

The loan is secured by a Security Agreement and UCC-1 Financing Statement which identify sums in the Subordinate Securities Fund and Capital Improvement Fund as collateral for the loan. Both funds are allocated revenues pursuant to Section 5.02 of the 2013 General Revenue Bond indenture. Obligations of AWPIAA payable from the aforementioned funds are subordinate to the pledge and lien of airport revenues to secure payment of AWPIAA's bonds. The $11,900,000 is subject to USDA's Loan Note Guarantee, which was executed by USDA on March 10, 2014.

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 1,185,279	$ 382,221	$ 1,567,500
2020	1,255,000	312,500	1,567,500
2021	1,329,000	238,500	1,567,500
2022	1,408,000	159,500	1,567,500
2023	1,491,000	76,500	1,567,500
2024	516,752	4,871	521,623
	$ 7,185,031	$ 1,174,092	$ 8,359,123

Guam Community College (GCC):

Due to U.S. Department of Agriculture in the original amount of $3,500,000, with interest at 3.125% per annum, payable in monthly installments of $12,810, including interest, through March 6, 2053, collateralized by a pledge of all gross revenues.	$ 3,178,940

(14) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Community College (GCC), Continued:

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 53,752	$ 99,968	$ 153,720
2020	55,456	98,264	153,720
2021	57,214	96,506	153,720
2022	59,028	94,692	153,720
2023	60,899	92,821	153,720
2024 - 2028	334,708	433,892	768,600
2029 - 2033	391,234	377,366	768,600
2034 - 2038	457,306	311,294	768,600
2039 - 2043	534,537	234,063	768,600
2044 - 2048	624,810	143,790	768,600
2049 - 2053	549,996	71,338	621,334
	$ 3,178,940	$ 2,053,994	$ 5,232,934

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, with interest at 6% per annum, payable in equal monthly installments of $10,540, including interest, through April 2030, collateralized by restricted cash balances.	$ 966,317

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 70,000	$ 56,480	$ 126,480
2020	75,000	51,480	126,480
2021	79,000	47,480	126,480
2022	84,000	42,480	126,480
2023	89,000	37,480	126,480
2024 - 2028	537,000	95,400	632,400
2029 - 2030	32,317	1,200	33,517
	$ 966,317	$ 332,000	$ 1,298,317

(14) Discretely Presented Component Unit Disclosures, Continued

G. Notes Payable, Continued

Guam Waterworks Authority (GWA):

Note payable to a local bank in the original amount of $25,000,000, dated June 15, 2010, interest at 7.75% per annum, due in monthly installments of principal and interest of $300,027 through June 15, 2015; refinanced principal balance of $14,856,080, interest at 5.25% per annum, due in monthly installments of principal and interest of $285,000 through June 15, 2020. $ 5,529,024

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 3,203,870	$ 216,130	$ 3,420,000
2020	2,325,154	47,826	2,372,980
	$ 5,529,024	$ 263,956	$ 5,792,980

University of Guam (UOG):

Rural development loan payable to the U.S. Department of Agriculture, dated June 12, 2003, in the amount of $13,500,000, interest at 4.5% per annum, principal and interest payable commencing on July 12, 2006 in monthly installments of $62,505, and collateralized by real property. Loan proceeds were used to finance the construction of the Business and Public Administration (BPA) Building. The loan is secured by equipment, furniture and fixtures located at the BPA Building. $ 11,067,561

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 264,171	$ 485,889	$ 750,060
2020	276,137	473,923	750,060
2021	288,646	461,414	750,060
2022	301,721	448,339	750,060
2023	315,388	434,672	750,060
2024 - 2028	1,804,627	1,945,673	3,750,300
2029 - 2033	2,252,101	1,498,199	3,750,300
2034 - 2038	2,810,529	939,771	3,750,300
2039 - 2043	2,754,241	257,832	3,012,073
	$ 11,067,561	$ 6,945,712	$ 18,013,273

(14) Discretely Presented Component Unit Disclosures, Continued

H. Capital Lease Financing

Guam Power Authority (GPA):

In September 1996, GPA entered into agreements to purchase electricity produced by generating plants constructed or refurbished and operated by three companies. The agreements have twenty year terms. At the end of the agreements, ownership of the plants and the plant improvements reverts to GPA. Under each of the agreements, GPA pays capacity and operation and maintenance costs.

GPA has determined that the agreements to purchase electricity were in fact capital leases to acquire the plants and that the capacity payments made under the agreements were lease payments.

The assets acquired through capital leases are as follows:

Asset:	
Buildings	$ 163,085,831
Less accumulated depreciation	(66,411,697)
	$ 96,674,134

The leases have effective interest rates ranging from 5% to 13.7%.

Future minimum lease obligations to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2019	$ 13,613,066	$ 916,292	$ 14,529,358
2020	8,582,729	346,471	8,929,200
2021	2,226,222	18,578	2,244,800
	$ 24,422,017	$ 1,281,341	$ 25,703,358

(14) Discretely Presented Component Unit Disclosures, Continued

I. Changes in Long-Term Liabilities

During the year ended September 30, 2018, the following changes occurred in liabilities reported as part of the discretely presented component units' long-term liabilities in the statement of net position:

	Balance October 1, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Bonds Payable:					
Antonio B. Won Pat International Airport Authority	$ 216,135,000	$ -	$ (11,430,000)	$ 204,705,000	$ 12,010,000
Guam Power Authority	566,740,000	148,670,000	(152,220,000)	563,190,000	1,630,000
Guam Waterworks Authority	506,460,000	107,660,000	(114,305,000)	499,815,000	5,715,000
Port Authority of Guam	-	71,445,000	-	71,445,000	1,320,000
Guam Housing Corporation	3,905,000	-	(190,000)	3,715,000	220,000
Guam Economic Development Authority	40,798,618	-	(45,000)	40,753,618	1,200,000
	1,334,038,618	327,775,000	(278,190,000)	1,383,623,618	22,095,000
Unamortized bond premiums:					
Antonio B. Won Pat International Airport Authority	2,140,059	-	(165,685)	1,974,374	-
Guam Power Authority	29,002,672	17,876,459	(3,557,697)	43,321,434	-
Guam Waterworks Authority	22,067,668	13,394,710	(877,239)	34,585,139	-
Port Authority of Guam	-	5,296,754	(44,140)	5,252,614	-
Unamortized bond discounts:					
Guam Power Authority	(3,393,810)	-	3,393,810	-	-
Guam Waterworks Authority	(3,206,275)	-	1,921,755	(1,284,520)	-
Guam Economic Development Authority	(10,607,289)	-	555,664	(10,051,625)	-
	1,370,041,643	364,342,923	(276,963,532)	1,457,421,034	22,095,000
Notes Payable:					
Antonio B. Won Pat International Airport Authority	8,304,232	-	(1,119,201)	7,185,031	1,185,279
Guam Community College	3,230,709	-	(51,769)	3,178,940	53,752
Guam Housing and Urban Renewal Authority	1,033,128	-	(66,811)	966,317	70,000
Guam Waterworks Authority	8,571,487	-	(3,042,463)	5,529,024	3,203,870
Port Authority of Guam	21,209,877	-	(21,209,877)	-	-
University of Guam	11,313,585	-	(246,024)	11,067,561	264,171
	53,663,018	-	(25,736,145)	27,926,873	4,777,072
Other long-term liabilities:					
Compensated absences	15,160,184	11,586,875	(11,342,443)	15,404,616	7,700,497
Capital lease obligations	47,759,025	-	(23,337,008)	24,422,017	13,613,066
DCRS sick leave	18,737,620	2,227,668	(10,594,183)	10,371,105	-
Net pension liability	532,151,863	3,891,909	(54,033,968)	482,009,804	-
OPEB liability	789,575,571	32,617,128	(64,423,160)	757,769,539	-
	1,403,384,263	50,323,580	(163,730,762)	1,289,977,081	21,313,563
	$ 2,827,088,924	$ 414,666,503	$ (466,430,439)	$ 2,775,324,988	$ 48,185,635

J. Commitments and Contingencies

Performance Management Contracts (PMCs):

Guam Power Authority (GPA) has entered into a PMC with a company for the operation and maintenance of Cabras 1 and 2 generators, which became effective on October 1, 2010 and July 1, 2010, respectively. The PMC is for a period of five years with an option to extend for another five-year term. The extension was exercised and the PMC expires on September 30, 2020. GPA has also entered into a PMC for the operations and maintenance of the Dededo, Macheche and Yigo combustion turbine power plants. The PMC is for a period of five years commencing March 1, 2016 with an option to extend for one additional three-year term and one additional two-year term.

(14) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Performance Management Contracts (PMCs), Continued:

At September 30, 2018, the minimum future fixed management fees are as follows:

Year Ending September 30,	
2019	$ 2,449,963
2020	2,515,840
2021	293,203
	$ 5,259,006

Renewable Energy Contracts:

Guam Power Authority (GPA) has entered into two agreements to purchase 20 Megawatts (MW) and 5.65 MW of solar renewable energy. The commercial operation date of the two solar plants is October 30, 2015. The agreements include escalating contract prices per MW hour until 2041 with a total minimum renewable energy purchase commitment of 1.1 million MW hour.

At September 30, 2018, the minimum future renewable energy purchases are as follows:

Year Ending September 30,	
2019	$ 9,157,338
2020	9,162,071
2021	9,171,682
2022	9,200,983
2023	9,196,204
2024 - 2028	46,092,908
2029 - 2033	46,086,152
2034 - 2038	46,760,812
2039 - 2041	19,572,811
	$ 204,400,961

In August 2018, GPA executed three renewable energy purchase agreements to purchase a total of 120 MW of solar renewable energy. The commercial operation dates of the solar plants are not yet established.

Lease Obligations as Lessor:

In March 2013, Lotte Duty Free Guam, LLC (Lotte) was selected as the primary concessionaire for the airport terminal for a ten year term commencing July 1, 2013 and terminating on June 30, 2023. The concession agreements provide for a minimum annual guarantee rent as well as percentage rent on gross revenues exceeding certain levels.

(14) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued:

The future minimum lease receipts for the aforementioned concession agreements are as follows:

Year Ending September 30,	
2019	$ 15,160,000
2020	15,160,000
2021	15,160,000
2022	15,160,000
2023	12,633,333
	$ 73,273,333

Antonio B. Won Pat International Airport Authority (AWPIAA) has lease agreements with scheduled air carriers, various other concessionaires and airport users. The agreements provide the lessees with the use of AWPIAA's system facilities, equipment and services. The signatory airline operating agreement and terminal building leases expired on September 30, 2016 and the lease agreements with six rent-a-car companies expired in June 2016. These agreements are currently under month-to-month extensions pending negotiated agreements. Other ground lease agreements will expire ranging from September 2019 through September 2035.

The future minimum rental receipts for the aforementioned noncancellable operating leases (excluding the Lotte lease) are as follows:

Year Ending September 30,	
2019	$ 2,538,000
2020	2,298,000
2021	1,802,000
2022	1,391,000
2023	271,000
2024 - 2028	1,310,000
2029 - 2033	1,018,000
2034 - 2038	855,000
2039 - 2040	174,000
	$ 11,657,000

(14) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Lease Obligations as Lessor, Continued:

Port Authority of Guam (PAG), in cooperation with the Guam Economic Development Authority, leases space to tenants under noncancellable operating leases, with options to renew, providing for future minimum rentals.

The future minimum rental receipts for the aforementioned noncancellable operating leases are as follows:

Year Ending September 30,	
2019	$ 1,122,057
2020	921,338
2021	314,544
2022	238,164
2023	238,164
Thereafter	1,468,678
	$ 4,302,945

Lease Obligations as Lessee:

On November 1, 2002, the Guam Power Authority (GPA) entered a sublease agreement for vehicle, equipment, and material storage and for a power station with annual rental of $61,261 through October 31, 2012, and was extended for ten years. In addition, GPA entered into a commercial space lease beginning July 1, 2010, with monthly rentals of $4,495 through June 30, 2015, and was extended for five years.

On September 1, 2013, GPA entered into a lease agreement for fuel storage tanks with fixed annual fees escalating 4% every year until August 31, 2022.

The future minimum lease payments for the aforementioned leases are as follows:

Year Ending September 30,	
2019	$ 1,840,086
2020	1,895,598
2021	1,926,902
2022	1,833,929
2023	5,105
	$ 7,501,620

(14) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Fuel Purchase and Bulk Storage Facility Contracts:

In August 2013, the Guam Power Authority (GPA) entered into a fuel purchase contract with Hyundai Corporation. The agreement is for two years commencing on September 1, 2013 with options to extend for three additional one-year terms upon mutual agreement of both parties. Two extensions were made on the contract, the last extension expired on November 30, 2018.

In January 2015, GPA entered into diesel fuel supply contracts with IP&E Guam, Inc. and Mobil Oil Guam, Inc. The agreements are for three years ending December 31, 2017 with an option to extend for two additional one-year terms, renewable annually. In December 2017, GPA exercised the options and extended the contracts through December 31, 2018.

In September 2017, GPA entered into an agreement for the management and operations of its fuel bulk storage facility. The agreement is for two years ending September 30, 2019 with an option to extend the contract for three additional one-year terms. At September 30, 2018, the minimum future management fees for the year ending September 30, 2019 are $532,057.

U.S. Environmental Protection Agency (EPA):

On May 24, 1986, the administrator of the U.S. EPA granted a continuing exemption to the Guam Power Authority (GPA) under the provisions of Section 325(b) of the Clean Air Act, as amended. The terms of the exemption require monitoring by EPA, certain commitments by GPA regarding fuel stocks, and reporting and delineation of grounds for revocation of the exemption. In February 2011, EPA finalized rules under the National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engine (RICE) Maximum Available Control Technology (MACT). Compliance under the diesel MACT was due May 3, 2013. Non-compliance under the diesel MACT could result in penalty fees of $37,500 per unit per day. GPA applied for and received a one year extension for complying with the rules with respect to its small diesel peaking units. The required stack emission equipment was installed within the extension period. As to compliance with the other units subject to RICE MACT, GPA requested EPA to enter into a consent decree allowing time for GPA to comply with the regulations and allowing potential fines and penalties for non-compliance to be used for compliance with regulations. In January 2015, GPA submitted its compliance plan outlining the proposed timelines for inclusion in a consent decree. GPA believes results of negotiations with EPA will defer potential fines post RICE MACT deadlines for the slow speed diesel units. If the consent decree is not reached, the maximum liability for GPA would be $243,000,000 as of September 30, 2018. No liability that may result from potential noncompliance has been recorded in the accompanying financial statements.

(14) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Environmental Monitoring:

In September 2000, the U.S. Navy (the Navy) transferred 1,417 acres of property to the Antonio B. Won Pat International Airport Authority (AWPIAA) and GovGuam at no cost. In November 2000, the Navy paid AWPIAA $10,000,000. In exchange for the payment, AWPIAA and GovGuam agreed to complete certain environmental monitoring work on the property even if the cost of the environmental monitoring work exceeds the $10,000,000 remitted by the Navy. AWPIAA management has received the final draft of the Decision Document for Operable Unit 3 which is the groundwater under the former Naval Air Station. AWPIAA's responsibilities under the draft Decision Document are limited to sampling and testing as currently performed. The new task is for AWPIAA to conduct a 5 year review to ensure the remedial action is or will be protective of human health and the environment. This new task may reduce the ongoing sampling and testing requirements or completely eliminate them. Moreover, the granular activated carbon (GAC) treatment provided under AWPIAA's new water system satisfies the GAC treatment component of future wells meeting the selected remedy. No further obligation of AWPIAA is required under the draft Decision Document.

The long-term obligation to operate and maintain the facilities built under the remedial construction as well as the required sampling will be handled through a water system commercial agreement. As of September 30, 2018, AWPIAA estimated that its pollution remediation obligations amounted to $159,315.

Primary Treatment Permits:

On November 29, 2011, the U.S. Environmental Protection Agency (EPA) informed GWA that its primary treatment permits for the Hagatna and Northern District Wastewater Treatment Plants had been denied and that GWA would be required to upgrade the plants to secondary treatment. The upgrades have been estimated to cost approximately $300 million. GWA intends to negotiate with the EPA on the timelines for upgrading the plants, which may be deferring the upgrades for approximately 20 to 30 years.

Stipulated Order:

In 2002, the U.S. Government filed a complaint against the Guam Waterworks Authority (GWA) and GovGuam for alleged violations under the Federal Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA). Because of GWA's non-compliance with the National Primary Drinking Water Regulations, the U.S. Government is seeking both civil penalties and injunctive relief to address such non-compliance. GWA and the U.S. Government of Justice, Environmental and Natural Resources Division mutually agreed in the form of a Stipulated Order to resolve the violation issues.

On June 5, 2003, a Stipulated Order for Preliminary Relief was filed before the District Court of Guam. The Stipulation requires implementation of short-term projects and initial planning measures by GWA. GWA is required to submit a final financial plan in the Master Plan that generates sufficient revenue to cover the cost of all compliance activities and deliverables required by the Stipulated Order for Preliminary Relief, as well as any other anticipated expenses, including any measures necessary to ensure compliance with the CWA and the SDWA and costs related to the infrastructure improvements identified in the Master Plan.

(14) Discretely Presented Component Unit Disclosures, Continued

J. Commitments and Contingencies, Continued

Stipulated Order, Continued:

In 2006, the Stipulated Order was amended which required GWA to perform approximately $220 million worth of capital improvement projects and perform other actions to bring GWA's system into compliance. However, GWA was unable to meet all deadlines set out in the amended Stipulated Order. The District Court ordered the parties to stipulate as to scope of remaining projects and project completion dates; however, the parties were unable to reach an agreement on all items. As a result, on November 10, 2011, the District Court issued an order setting new deadlines for the unfinished projects and establishing new projects that were not part of the amended Stipulated Order. As of September 30, 2018, the financial impact of the order has not been fully determined and has been estimated to cost approximately $450 million to $500 million, including financing costs.

(15) Restatement

Subsequent to the issuance of GovGuam's 2017 financial statements, it was determined that GovGuam's landfill capital assets associated with the Layon Landfill, net of accumulated depreciation, were overstated by $29,021,787. Furthermore, it was determined that the Antonio B. Won Pat International Airport Authority's capital assets associated with close-outs of construction-in-progress projects were overstated by $1,645,765. As a result of these determinations, capital assets and beginning net position of the governmental activities and the aggregate discretely presented component units have been restated from the amounts previously reported.

GOVERNMENT OF GUAM

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2018

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual (Unaudited) General Fund (Fund 100 Only) Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Income tax:				
Corporate	$ 152,601,412	$ 152,601,412	$ 122,235,831	$ (30,365,581)
Individual	78,342,876	78,342,876	90,009,650	11,666,774
Withholding taxes, interest and penalties	281,225,258	281,225,258	230,878,114	(50,347,144)
	512,169,546	512,169,546	443,123,595	(69,045,951)
Provision for tax refund payments	(125,000,000)	(125,000,000)	(125,000,000)	-
	387,169,546	387,169,546	318,123,595	(69,045,951)
Gross receipts	254,800,702	264,200,702	269,684,874	5,484,172
Excise	4,331,470	4,331,470	2,728,034	(1,603,436)
Section 30 Federal income tax collections	68,603,100	68,603,100	77,795,541	9,192,441
Immigration fees	1,854,468	1,854,468	1,746,790	(107,678)
Indirect cost reimbursement	-	-	4,043	4,043
Contributions from component units	2,027,787	2,027,787	2,035,787	8,000
Other	7,977,992	7,977,992	6,850,991	(1,127,001)
Total revenues	726,765,065	736,165,065	678,969,655	(57,195,410)
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahen Guahan	8,910,711	8,064,334	7,783,020	281,314
Office of I Segundu Na Maga'lahen Guahan	16,077	1,034,904	1,032,426	2,478
Bureau of Budget and Management Research	1,355,866	1,156,438	1,058,876	97,562
Civil Service Commission	1,105,843	1,000,620	956,517	44,103
Department of Administration	12,815,780	12,408,567	11,710,798	697,769
Guam Election Commission	1,529,124	1,867,759	1,785,092	82,667
Department of Revenue and Taxation	11,760,022	11,779,358	11,640,213	139,145
Bureau of Statistics and Plans	1,252,982	1,218,636	1,191,434	27,202
Department of Public Works	373,448	323,448	118,723	204,725
Office of the Attorney General	16,799,580	14,518,936	12,853,490	1,665,446
Guam Police Department	31,471,563	28,396,718	28,281,654	115,064
Department of Corrections	26,346,717	26,771,717	25,741,880	1,029,837
Department of Agriculture	3,159,386	2,827,799	2,757,457	70,342
Department of Public Health and Social Services	46,074,430	22,070,624	24,263,563	(2,192,939)
Department of Education	233,902,908	235,438,630	219,267,641	16,170,989
Department of Youth Affairs	6,370,330	6,000,330	5,805,675	194,655
Guam Behavioral Health and Wellness Center	3,109,181	2,949,147	2,160,574	788,573
Department of Labor	2,020,550	1,745,407	1,727,945	17,462
Department of Parks and Recreation	405,088	323,622	894,842	(571,220)
Department of Integrated Services for Individuals with Disabilities	1,055,593	538,215	416,833	121,382
Mayors' Council of Guam	908,824	1,370,435	2,670,847	(1,300,412)
Department of Land Management	435,049	572,858	380,464	192,394
Chief Medical Examiner	444,191	437,202	434,634	2,568
Department of Chamorro Affairs	259,038	259,038	47,599	211,439
Department of Military Affairs	909,424	153,333	152,725	608
Guam Fire Department	32,178,433	30,691,795	30,379,500	312,295
Payments to Component Units	57,598,394	75,115,060	62,508,261	12,606,799
GovGuam Retirement Fund appropriations	3,917,000	3,917,000	3,917,000	-
Miscellaneous appropriations	52,038,191	51,599,676	52,159,979	(560,303)
Interest and other charges	-	-	1,644,304	(1,644,304)
Debt service	70,544,262	70,544,262	70,544,262	-
Total expenditures	629,067,985	615,095,868	586,288,228	28,807,640
Excess of revenues over expenditures	97,697,080	121,069,197	92,681,427	(28,387,770)
Other financing sources (uses):				
Transfers in from other funds	650,000	650,000	650,000	-
Transfers out to other funds	(93,346,726)	(98,031,275)	(102,144,335)	(4,113,060)
Total other financing sources (uses), net	(92,696,726)	(97,381,275)	(101,494,335)	(4,113,060)
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	9,051,873	9,051,873	3,706,903	(5,344,970)
Net change in deficit	$ 14,052,227	$ 32,739,795	$ (5,106,005)	$ (37,845,800)

See accompanying notes to required supplementary information - budgetary reporting.

See Accompanying Independent Auditors' Report.

(1) Budgetary Process

As required under law (5 GCA §4103 and §4106), the Governor directs the preparation and administration of the Executive Budget for GovGuam on an annual basis. The Executive Budget represents the Governor's financial proposal with recommended priorities for allocating resources. The budget process is important and necessary for the enactment of a budget and review of government operations. The Budget Process occurs in four (4) phases: formulation, adoption, execution, and audit.

During the *formulation phase*, the economic forecast and the program and financial plans are prepared for the various departments. Economic data and statistics are utilized in developing projected revenues for the upcoming fiscal year. Once revenues have been projected, a budget call is distributed to all the line agencies. This process starts when the Bureau of Budget and Management Research (BBMR) issues guidelines to each line agency in the preparation and development of their respective budgets. The formulation phase culminates in the transmittal of the Program and Financial Plan (Executive Budget) with the Governor's Budget Message to the Legislature for its consideration.

The *adoption phase* is the process in which the Legislature considers the Governor's proposal and passes the overall revenue and spending plan under a General Appropriations Bill. The Bill usually receives more detailed hearings within the auspices of the applicable legislative committees. Usually, a series of hearings will be called during which department heads and staff members give an overview of the Governor's proposed budget and are expected to provide explanations when their department's/agency's appropriations are considered. Finally, the Legislature may pass a General Appropriations Bill. The Bill is then transmitted to the Governor for approval. Other bills to include amendments during the fiscal year may be introduced for enactment into law.

The *execution phase* involves the release of funds appropriated per the General Appropriations Act. Each department prepares allotment of appropriations and may request revisions, legislative or administrative transfers, or supplemental appropriations. BBMR must approve such revisions to allotments. The Bureau also monitors and assists agencies in carrying out the approved budget in line with the established policies of the Governor.

The *audit phase* involves the evaluation of departments/agencies to identify areas in need of improving compliance procedures with applicable laws and regulations. During the audit phase, financial transactions, accounts and reports are assessed and analyzed to improve accountability, effectiveness, and efficiency in the achievement of goals and objectives. This phase is also to assure economic use of resources to enhance achievement of public services.

Budgetary control is maintained within the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effective with certain executive and legislative branch approval. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

See Accompanying Independent Auditors' Report.

(1) Budgetary Process, Continued

The Budget Act for fiscal year 2018, Public Law No. 34-42, was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds and Capital Projects Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds and Capital Projects Funds is not required or presented. The accompanying Schedule of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund presents solely the financial activities of the General Fund administered by the Department of Administration, and does not include the financial activities of the General Fund administered by the Guam Department of Education or the impact of implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

GovGuam's annual budget has been prepared on a basis that differs from governmental GAAP. Actual amounts in the accompanying budgetary comparison statements are presented on a budgetary basis, which includes outstanding encumbrances as a budgetary expenditure.

Encumbrance accounting is employed in governmental funds. For budgetary purposes, the encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent fiscal year.

(2) Reconciliation of Budgetary Schedule

Net change in deficit - budgetary basis	$ (5,106,005)
Net change in deficit of GASB 54 Funds included within the General Fund	(5,340,226)
Net change in deficit - General Fund	$ (10,446,231)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability - Defined Benefits Plan
Last Ten Fiscal Years * (Unaudited)

	2018	2017	2016	2015	2014
GovGuam's proportion of the Net Pension Liability	66.37%	66.76%	67.12%	67.89%	65.67%
GovGuam's proportionate share of the Net Pension Liability	$ 758,224,443	$ 913,724,199	$ 964,364,934	$ 846,150,680	$ 855,888,933
GovGuam's covered-employee payroll	$ 329,528,580	$ 336,105,940	$ 344,400,292	$ 345,454,482	$ 341,308,988
GovGuam's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	230.09%	271.86%	280.01%	244.94%	250.77%
Plan fiduciary net position as a percentage of total Net Pension Liability	60.63%	54.62%	52.32%	56.60%	53.94%

* Information for 2009 - 2013 is unavailable

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability - Ad Hoc
COLA/Supplemental Annuity Plan for DB Retirees
Last Ten Fiscal Years * (Unaudited)

	2018	2017	2016	2015
GovGuam's proportion of the Net Pension Liability	71.23%	71.03%	71.28%	71.81%
GovGuam's proportionate share of the Net Pension Liability	$ 205,215,544	$ 163,009,076	$ 168,069,808	$ 172,874,691
GovGuam's covered-employee payroll	$ 362,062,434	$ 359,650,844	$ 364,484,080	$ 362,608,539
GovGuam's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	56.68%	45.32%	46.11%	47.68%

* Information for 2009 - 2014 is unavailable

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability - Ad Hoc
COLA Plan for DCRS Retirees
Last Ten Fiscal Years * (Unaudited)

	2018	2017	2016	2015
GovGuam's proportion of the Net Pension Liability	66.82%	66.58%	66.29%	62.23%
GovGuam's proportionate share of the Net Pension Liability	$ 41,731,494	$ 41,070,407	$ 34,546,678	$ 30,578,387
GovGuam's covered-employee payroll	$ 251,768,389	$ 243,054,545	$ 235,917,447	$ 218,564,816
GovGuam's proportionate share of the Net Pension Liability as a percentage of its covered-employee payroll	16.58%	16.90%	14.64%	13.99%

* Information for 2009 - 2014 is unavailable

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Pension, DB Ad Hoc COLA/Supplemental Annuity and DCRS Ad Hoc COLA Contributions
Last Ten Fiscal Years * (Unaudited)

	2018	2017	2016	2015	2014
Statutorily required contribution	$ 100,226,211	$ 97,809,895	$ 102,697,891	$ 109,508,621	$ 91,359,170
Contributions in relation to the contractually required contribution	100,224,246	97,837,069	102,702,810	109,515,515	91,355,613
Contribution deficiency (excess)	$ 1,965	$ (27,174)	$ (4,919)	$ (6,894)	$ 3,557
GovGuam's covered-employee payroll	$ 329,528,580	$ 336,105,940	$ 344,400,292	$ 345,454,482	$ 341,308,988
Contributions as a percentage of covered-employee payroll	30.41%	29.11%	29.82%	31.70%	26.77%

* Information for 2009 - 2013 is unavailable

* Information for Ad Hoc COLA/Supplemental Annuities and Ad Hoc COLA contributions were not availaable for 2014.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios
Last Ten Fiscal Years* (Unaudited)

	2018	2017	2016
Service cost	$ 75,604,392	$ 60,755,660	Not Available
Interest	54,820,281	55,807,121	Not Available
Change in benefit terms	-	-	Not Available
Differences between expected and actual experience	-	-	Not Available
Change of assumptions	(163,423,981)	185,450,394	Not Available
Benefit payments	(28,412,827)	(28,412,827)	Not Available
Net change in total OPEB liability	(61,412,135)	273,600,348	
Total OPEB liability - beginning	1,731,286,159	1,457,685,811	Not Available
Total OPEB liability - ending	$ 1,669,874,024	$ 1,731,286,159	$ 1,457,685,811
Covered payroll as of valuation date	$ 309,713,634	$ 309,713,634	Not Available
Total OPEB liability as a percentage of covered payroll	539.17%	559.00%	Not Available
Notes to schedule:			
Discount rate	3.63%	3.058%	3.71%

Changes of benefit terms:
None.

Changes of assumptions:
Discount rate has changed from respective measurement dates.

* Information for 2009 - 2015 is not available

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of the Proportionate Share of the Total OPEB Liability
Last Ten Fiscal Years * (Unaudited)

	2018	2017	2016
GovGuam's proportion of the total OPEB Liability	68.47%	68.35%	68.31%
GovGuam's proportionate share of the total OPEB Liability	$ 1,669,874,024	$ 1,731,286,159	$ 1,457,685,811
GovGuam's covered-employee payroll	$ 309,713,634	$ 309,713,634	Not Available
GovGuam's proportionate share of the total OPEB Liability as a percentage of its covered-employee payroll	539.17%	559.00%	Not Available
Plan fiduciary net position as a percentage of total OPEB Liability	0.00%	0.00%	0.00%

* Information for 2009 - 2015 is not available

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedules of Required Supplementary Information

Schedule of OPEB Contributions
Last Ten Fiscal Years* (Unaudited)

	2018	2017
Actuarially determined contribution	$ 166,905,346	$ 144,374,924
Contributions in relation to the actuarially determined contribution	28,412,827	28,412,827
Contribution deficiency	$ 138,492,519	$ 115,962,097
Covered payroll as of valuation date	$ 309,713,634	$ 309,713,634
Contributions as a percentage of covered payroll	9.17%	9.17%

* Information for 2009 - 2016 is not available

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

OTHER SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2018

The General Fund is the most significant of GovGuam's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund. The General Fund is divided into several accounts. A brief discussion of the accounts that comprise GovGuam's General Fund as of September 30, 2018, follows.

Department of Administration – the Department of Administration is responsible for maintaining the financial data of all line agencies of GovGuam with the exception of the Department of Education.

Guam Department of Education - the Guam Department of Education (GDOE), formerly known as the Guam Public School System, is a line agency of GovGuam. This fund is maintained separately by the Department of Education.

Department of Education Operations Fund - this fund was created by Public Law 28-68 to account for local appropriations to cover the operational expenses of the Guam Department of Education and any use associated with the Guam Department of Education, as determined in the Department of Education budget in accordance with 10 GCA Chapter 3, by the Guam Education Policy Board *or* the laws of Guam. This fund is maintained within the Department of Administration.

Agana Fractional Lots Program Fund - The Agana Fractional Lots Program Fund was initially established to account for transactions relevant to the Agana Fractional Lot Program dating back to the 1960s. Such transactions may involve the condemnation and seizure of lands from property owners by GovGuam and the compensation of those seized lands to the property owners.

Better Public Service Fund - This fund was created by Public Law 29-002 to account for 10% of all fees and license revenues received by the Department of Revenue and Taxation (DRT) for the purpose of improving and modernizing systems used to provide DRT services, including on-line filing of taxes, renewal of licenses and permits, upgrades of computer hardware/software to improve record retrieval by members of the public, and the training of DRT staff in technical skills and customer service.

DMHSA Receiver Fund - This fund accounts for all activities of the Federal Management Team associated with the Permanent Injunction requiring GovGuam to provide treatment and develop programs to mentally ill patients residing on Guam.

DOC Inmates Revolving Fund - The fund was created by Executive Order 94-17 and is administered by the Department of Corrections. Revenues are generated from funds collected for housing U.S. prisoners and detainees, meals charged to DOC employees, and sale of wet garbage to private persons. Expenditures are for purchases of clothing, food, equipment, medical supplies and medicines for prisoners and detainees.

D.O.D. Contract Fund - This fund was created by the Department of Administration to account for funds from the United States Department of Defense to the Department of Education (D.O.E.) specifically to provide for fixed tuition payment per eligible D.O.D. student enrolled in the Guam D.O.E. system and for the recruitment of qualified teachers. This fund is not subject to the provisions of OMB Circular A-133.

DPHSS Sanitary Inspection Revolving Fund - This fund was created by the Department of Public Health and Social Services to account for the overall cost of conducting sanitary inspections of temporary workforce housing and other required inspections.

Exxon Fuel Overcharge Fund - This fund was created based on a federal court decision against the Exxon Corporation. Guam was allocated some three million dollars as its share of the settlement. Expenditures are limited to Federal Energy Programs. Revenues are from interest earned on this fund's interest bearing account. This fund is administered by the Guam Energy Office.

Financial Management Revolving Fund - This fund was created by Executive Order No. 2002-12 for costs associated with the handling and accounting for monies and deposits to be charged for treasury services related to the Financial Management Division.

General Services Agency (GSA) Fund - GSA is maintained within the Department of Administration as the centralized procurement and warehousing for departments and agencies of GovGuam. Additionally, GSA oversees the delegation of procurement authority of approximately eleven departments and agencies.

See Accompanying Independent Auditors' Report.

GSA Inventory Revolving Fund - This fund was created for the purchase and replenishment of items to be carried in the supplies inventory maintained in the warehouse operated by GSA.

Government Claims Fund - This fund was created by Public Law 17-029 in order to pay for claims against any line agency of GovGuam. The sources of revenue are obtained from legislative appropriations. The Attorney General administers this fund and designates which claims shall be paid.

Guam Memorial Hospital Authority Medicaid Matching Fund - This fund was created by Public Law 32-68 for the purpose of payment of bills for services incurred by qualified Medicaid recipients provided at Guam Memorial Hospital.

Guam Memorial Hospital Authority Pharmaceuticals Fund - This fund was created by Public Law 28-68 for the purpose of accounting for 5.61% of all gross receipts taxes collected in Guam for appropriation by *I Liheslaturan Guahan* to fund all pharmaceutical, drug and medicine requirements for Guam Memorial Hospital.

Guam Telephone Authority Privatization Proceeds Fund – This fund was created by Public Law 26-70 to account for the proceeds realized from the sale of the Guam Telephone Authority.

Housing Revolving Fund - This fund is maintained to account for the leasing of Government of Guam housing units to both private individuals and public organizations. Funding of this program is provided by both rental fees and Government contributions.

Human Resource Services Revolving Fund – This fund was created by Executive Order No. 2002-01 for administrative costs and supplies and equipment costs associated within the areas of classification and pay, recruitment, records, employee benefits, test development, employee management relations, training and development, as well as the Drug-Free Workplace Program of the Human Resources Division.

Income Tax Refund Reserve Fund - This fund was created by Public Law 22-140 for the purpose of receiving General Fund revenues reserved for income tax refund payments. This fund is not subject to any transfer authority of the Governor of Guam.

Income Tax Efficiency Payment Fund – This fund was created by Public Law 26-74 for the purpose of improving the efficiency of tax refund payments by hiring temporary income tax return processors, training of Department of Revenue and Taxation employees, and the purchase of computer and other equipment to quickly process income tax returns.

Legislature Operations Fund - The Guam Legislature was created by the Organic Act of Guam, as amended. It is a unicameral body of 15 members elected bi-annually. It meets in two regular year-round sessions. Funding is provided through General Fund appropriations.

Medically Indigent Program Payment Revolving Fund – This fund was created by Public Law 25-164 to be used for the payment of any authorized Medically Indigent Program obligation, regardless of when the obligation was incurred.

Off-Island Treatment Fund - This fund was created by Public Law 20-220 to be administered by the Director of Administration. Monies from the fund shall be expended upon order of the Superior Court of Guam to send a person under the jurisdiction of the court off-island for residential care arising from a physical, mental or emotional handicap or a severe emotional disturbance. Monies shall be expended for diagnosis, evaluation and treatment fees, medical and incidental expenses, room and board and transportation costs.

Office of Public Accountability Fund – The Office of Public Accountability was created by Public Law 21-122 as an instrumentality of GovGuam, independent of the executive, legislative and judicial branches.

Public Defender Service Corporation Alternate Public Defender (APD) Fund – This fund was created to account for the operations of the APD within the Public Defender Service Corporation (PDSC) to provide legal services on court appointed matters of conflict cases by the PDSC.

Public Defender Service Corporation Operations Fund – This fund was created by Public Law 13-51 to provide effective legal aid and assistance to those persons on Guam who are unable to afford counsel.

See Accompanying Independent Auditors' Report.

State Agency for Surplus Property Fund – This fund was created for the disposal of salvage and surplus personal property from GovGuam agencies and departments.

Stripperwell Overcharge Fund - This fund was created based on a federal court decision against Stripperwell. As with the Exxon Overcharge Fund, Guam was allocated a share of the settlement. Expenditures are limited to Federal Energy Programs. Revenues are from interest earned on this fund's interest bearing account. This fund is administered by the Guam Energy Office.

Supplemental Annuity Benefits Fund - This fund was created by Public Law 27-29 for the purpose of accounting for the payment of retiree supplemental annuity benefits by the Department of Administration.

Supplemental Appropriations Revenue Fund - This fund was created by Public Law 31-74 to ensure that various GovGuam agencies “deemed vital” would be funded, despite limited resources available.

Unified Courts of Guam Fund - The fund was created as an independent judicial branch of GovGuam to account for the operations of the Supreme Court of Guam and the Superior Court of Guam. Funding is provided primarily through Government of Guam General Fund appropriations.

Water System Revenue Bond Fund - This fund is used to account for an assignment of Section 30 funds required by: (i) the Limited Obligation (Section 30) Bond Series A 2001 bond indenture to redeem bond principal and to pay bond interest as such becomes due; and (ii) a $10,000,000 promissory bank note.

Limited Obligation Bond Series A 2016 Fund - This fund is used to account for funds required by the Limited Obligation Bond Series A 2016 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

See Accompanying Independent Auditors’ Report.

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2018

AS/400 Fund Number	100	618	309	628	255/643	214	106	638	104	299	229
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency
ASSETS												
Cash and cash equivalents	$ 14,078,680	$ 13,709,364	$ -	$ -	$ -	$ -	$ -	$ 1,889	$ 529,635	$ 105,764	$ -	$ -
Investments	209,702	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:												
Taxes	55,147,775	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	2,133,654	-	-	-	-	-	-	-	-	-	-	-
Other	596,168	-	-	90,169	-	-	-	-	-	28,738	19,661	-
Due from other funds	61,217,963	1,144,158	5,028	-	-	-	59,481	46	-	-	125,545	51,106
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	4,572,692	386,714	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	1,000,000	5,761,403	-	-	-	-	-	-	-	-	-	-
Restricted assets:												
Cash and cash equivalents	68,426,491	732,475	-	-	-	461,785	-	-	-	-	-	-
Total assets	$ 207,383,125	$ 21,734,114	$ 5,028	$ 90,169	$ -	$ 461,785	$ 59,481	$ 1,935	$ 529,635	$ 134,502	$ 145,206	$ 51,106
LIABILITIES AND FUND BALANCE (DEFICIT)												
Accounts payable	$ 59,179,320	$ 8,833,815	$ -	$ -	$ -	$ 525,279	$ -	$ -	$ -	$ 1,679	$ -	$ -
Accrued payroll and other	5,103,686	7,266,530	-	-	-	-	-	-	1,995	-	-	-
Due to component units	13,881,863	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	31,589,627	-	-	-	241,436	-	-	-	27,338	122,063	-	-
Unearned revenue	77,046,768	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	118,207,777	-	-	-	-	-	-	-	-	-	-	-
COLA liability	4,531,673	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	11,280,522	3,401,717	-	-	-	-	-	748	-	-	-	-
Total liabilities	320,821,236	19,502,062	-	-	241,436	525,279	-	748	29,333	123,742	-	-
Fund balance (deficit):												
Non-spendable	1,000,000	-	-	-	-	-	-	-	-	-	-	-
Restricted	62,632,489	6,493,878	-	-	-	-	-	-	-	-	-	-
Committed	-	100,000	5,028	90,169	-	-	59,481	1,187	500,302	10,760	145,206	51,106
Unassigned	(177,070,600)	(4,361,826)	-	-	(241,436)	(63,494)	-	-	-	-	-	-
Total fund balance (deficit)	(113,438,111)	2,232,052	5,028	90,169	(241,436)	(63,494)	59,481	1,187	500,302	10,760	145,206	51,106
Total liabilities and fund balance (deficit)	$ 207,383,125	$ 21,734,114	$ 5,028	$ 90,169	$ -	$ 461,785	$ 59,481	$ 1,935	$ 529,635	$ 134,502	$ 145,206	$ 51,106

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2018

AS/400 Fund Number	404	239	659	617	616	201	298	303	321		293	329	
	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Medicaid	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability
ASSETS													
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 512	$ 992,389	$ -	$ -	$ 401,724
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	595,887	301,979	-	-	-	260	-	-	837
Due from other funds	-	-	-	16	203,899	1,870	94,900	5,711,247	280,424	-	2,535,959	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	4,868,578	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-	1,056,946	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 4,868,578	$ -	$ -	$ 16	$ 799,786	$ 303,849	$ 94,900	$ 5,711,247	$ 280,936	$ 2,049,595	$ 2,535,959	$ -	$ 402,561
LIABILITIES AND FUND BALANCE (DEFICIT)													
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,611	$ 2,517,689	$ -	$ 1,389
Accrued payroll and other	-	-	-	-	-	-	-	-	-	91,301	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	2,423,616	-	-	-	-	-	-	-	-	293,758	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	5,192,264	-	-	-	-	-
COLA liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	8,894	-	-	-	726,084	-	13,213	132,222
Total liabilities	2,423,616	-	-	-	-	8,894	-	5,192,264	-	1,149,754	2,517,689	13,213	133,611
Fund balance (deficit):													
Non-spendable	2,444,962	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	16	799,786	294,955	94,900	518,983	280,936	899,841	18,270	-	268,950
Unassigned	-	-	-	-	-	-	-	-	-	-	-	(13,213)	-
Total fund balance (deficit)	2,444,962	-	-	16	799,786	294,955	94,900	518,983	280,936	899,841	18,270	(13,213)	268,950
Total liabilities and fund balance (deficit)	$ 4,868,578	$ -	$ -	$ 16	$ 799,786	$ 303,849	$ 94,900	$ 5,711,247	$ 280,936	$ 2,049,595	$ 2,535,959	$ -	$ 402,561

(continued)

GOVERNMENT OF GUAM
Combining Schedule of Balance Sheet Accounts
General Fund
September 30, 2018

AS/400 Fund Number			314	103	607	645		355	363			
	Public Defender Service Corporation (APD)	Public Defender Service Corporation (Operations)	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue	Unified Courts of Guam	Water System Revenue Bond Debt Service	Limited Obligation Series A 2016 Debt Service	Combined Total	Eliminating Entries	Total
ASSETS												
Cash and cash equivalents	$ 340,445	$ 760,498	$ 102,001	$ 15,194	$ -	$ 244	$ 2,211,715	$ 22,822,024	$ -	$ 56,072,078	$ -	$ 56,072,078
Investments	-	-	-	-	-	-	-	-	-	209,702	-	209,702
Receivables, net:												
Taxes	-	-	-	-	-	-	-	-	-	55,147,775	-	55,147,775
Federal agencies	-	-	-	-	-	-	1,031,539	-	-	3,165,193	-	3,165,193
Other	2,612	299,768	19,515	-	-	-	39,839	-	-	1,995,433	(858,306)	1,137,127
Due from other funds	-	-	-	-	-	-	2,238,709	-	-	73,670,351	(37,592,017)	36,078,334
Due from private purpose trust funds	-	-	-	-	-	-	2,109,846	-	-	2,109,846	-	2,109,846
Inventories	-	-	165,412	-	-	-	-	-	-	5,033,990	-	5,033,990
Prepayments	-	-	-	-	-	-	-	-	-	4,959,406	-	4,959,406
Deposits and other assets	-	-	-	-	-	-	113,645	-	-	7,931,994	-	7,931,994
Restricted assets:												
Cash and cash equivalents	-	-	-	-	-	-	-	-	16,969,903	86,590,654	-	86,590,654
Total assets	$ 343,057	$ 1,060,266	$ 286,928	$ 15,194	$ -	$ 244	$ 7,745,293	$ 22,822,024	$ 16,969,903	$ 296,886,422	$ (38,450,323)	$ 258,436,099
LIABILITIES AND FUND BALANCE (DEFICIT)												
Accounts payable	$ 5,572	$ 10,314	$ -	$ 188	$ -	$ -	$ 964,251	$ 2,000	$ -	$ 72,080,107	$ -	$ 72,080,107
Accrued payroll and other	-	50,728	-	-	-	-	868,318	-	-	13,382,558	-	13,382,558
Due to component units	-	-	-	-	-	-	-	-	-	13,881,863	-	13,881,863
Due to other funds	-	-	55,544	-	-	-	-	25,652,499	-	60,405,881	(37,592,017)	22,813,864
Unearned revenue	-	-	-	-	-	-	-	-	-	77,046,768	-	77,046,768
Provision for tax refunds	-	-	-	-	-	-	-	-	-	123,400,041	-	123,400,041
COLA liability	-	-	-	-	-	-	-	-	-	4,531,673	-	4,531,673
Deposits and other liabilities	-	15,501	-	-	-	14,012	13,481	-	-	15,606,394	(858,306)	14,748,088
Total liabilities	5,572	76,543	55,544	188	-	14,012	1,846,050	25,654,499	-	380,335,285	(38,450,323)	341,884,962
Fund balance (deficit):												
Non-spendable	-	-	165,412	-	-	-	-	-	-	3,610,374	-	3,610,374
Restricted	-	-	-	-	-	-	-	-	16,969,903	86,096,270	-	86,096,270
Committed	337,485	983,723	65,972	15,006	-	-	5,899,243	-	-	11,441,305	-	11,441,305
Unassigned	-	-	-	-	-	(13,768)	-	(2,832,475)	-	(184,596,812)	-	(184,596,812)
Total fund balance (deficit)	337,485	983,723	231,384	15,006	-	(13,768)	5,899,243	(2,832,475)	16,969,903	(83,448,863)	-	(83,448,863)
Total liabilities and fund balance (deficit)	$ 343,057	$ 1,060,266	$ 286,928	$ 15,194	$ -	$ 244	$ 7,745,293	$ 22,822,024	$ 16,969,903	$ 296,886,422	$ (38,450,323)	$ 258,436,099

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2018

AS/400 Fund Number	100	618	309	628	255/643	214	106	638	104	299	229
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency
Revenues:												
Taxes:												
Income	$ 318,123,595	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	269,684,874	-	-	-	-	-	-	-	-	-	-	-
Excise	2,728,034	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	77,795,541	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,475,370	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	12,070	-	-	-	17,419	-	130,504	2,058
Charges for services	1,746,790	1,680,765	-	-	-	-	1,035,566	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	4	-	-	-	-	2	68	1,346	-	-
Indirect cost reimbursement	4,043	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	2,035,787	-	-	-	-	-	-	-	-	-	-	-
Other	6,850,991	-	-	-	-	-	-	-	-	-	-	-
Total revenues	678,969,655	3,156,135	4	-	12,070	-	1,035,566	2	17,487	1,346	130,504	2,058
Expenditures by Function:												
Current:												
General government	34,426,969	-	-	-	1,800,871	-	-	-	-	750	75,429	1,184
Protection of life and property	102,680,250	-	-	-	-	-	2,069,491	-	-	-	-	-
Public health	7,637,135	-	-	-	-	-	-	-	121,841	-	-	-
Community services	17,306,268	-	-	-	-	-	-	-	-	-	-	-
Recreation	892,879	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	6,419,590	-	-	-	-	-	-	-	-	-	-	-
Public education	-	222,916,071	-	-	-	-	-	-	-	-	-	-
Environmental protection	4,601	-	-	-	-	-	-	-	-	57,490	-	-
Economic development	3,946,208	-	-	-	-	-	-	-	-	-	-	-
Payments to:												
GovGuam Retirement Fund	3,917,000	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	19,359,937	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	12,399,548	-	-	-	-	-	-	-	-	-	-	-
University of Guam	30,748,776	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	53,041,620	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	20,800,000	4,039,147	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	49,744,262	15,576,338	-	-	-	-	-	-	-	-	-	-
Total expenditures	363,325,043	242,531,556	-	-	1,800,871	-	2,069,491	-	121,841	58,240	75,429	1,184
Excess (deficiency) of revenues over (under) expenditures	315,644,612	(239,375,421)	4	-	(1,788,801)	-	(1,033,925)	2	(104,354)	(56,894)	55,075	874
Other financing sources (uses):												
Transfers in from other funds	650,000	237,386,673	206,704,977	-	1,547,365	-	-	-	-	-	-	-
Transfers out to other funds	(321,400,617)	(650,000)	(206,704,977)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(320,750,617)	236,736,673	-	-	1,547,365	-	-	-	-	-	-	-
Net change in fund balances (deficit)	(5,106,005)	(2,638,748)	4	-	(241,436)	-	(1,033,925)	2	(104,354)	(56,894)	55,075	874
Fund balances (deficit) at beginning of year	(108,332,106)	4,870,800	5,024	90,169	-	(63,494)	1,093,406	1,185	604,656	67,654	90,131	50,232
Fund balances (deficit) at end of year	$ (113,438,111)	$ 2,232,052	$ 5,028	$ 90,169	$ (241,436)	$ (63,494)	$ 59,481	$ 1,187	$ 500,302	$ 10,760	$ 145,206	$ 51,106

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2018

AS/400 Fund Number	404	239	659	617	616	201	298	303	321		293	329	
	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Medicaid	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability
Revenues:													
Taxes:													
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	69,286
Licenses and permits	246,725	-	-	-	-	-	55,673	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	-	114	1,547	-	-	3,515
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	50	-	-	8,747
Total revenues	246,725	-	-	-	-	-	55,673	-	114	1,597	-	-	81,548
Expenditures by Function:													
Current:													
General government	-	216,068	-	-	-	-	67,973	-	-	7,842,162	-	1,478,655	1,661,735
Protection of life and property	-	-	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	9,130,545	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:													
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	5,175,667	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	216,068	-	5,175,667	-	-	67,973	-	-	7,842,162	9,130,545	1,478,655	1,661,735
Excess (deficiency) of revenues over (under) expenditures	246,725	(216,068)	-	(5,175,667)	-	-	(12,300)	-	114	(7,840,565)	(9,130,545)	(1,478,655)	(1,580,187)
Other financing sources (uses):													
Transfers in from other funds	-	216,068	5,517,324	10,692,990	-	-	-	-	-	8,355,301	9,130,562	1,478,655	1,396,898
Transfers out to other funds	-	-	(5,517,324)	(5,517,324)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	216,068	-	5,175,666	-	-	-	-	-	8,355,301	9,130,562	1,478,655	1,396,898
Net change in fund balances (deficit)	246,725	-	-	(1)	-	-	(12,300)	-	114	514,736	17	-	(183,289)
Fund balances (deficit) at beginning of year	2,198,237	-	-	17	799,786	294,955	107,200	518,983	280,822	385,105	18,253	(13,213)	452,239
Fund balances (deficit) at end of year	$ 2,444,962	$ -	$ -	$ 16	$ 799,786	$ 294,955	$ 94,900	$ 518,983	$ 280,936	$ 899,841	$ 18,270	$ (13,213)	$ 268,950

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Function, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2018

AS/400 Fund Number			314	103	607	645		355	363			
	Public Defender Service Corporation (APD)	Public Defender Service Corporation (Operations)	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue	Unified Courts of Guam	Water System Revenue Bond Debt Service	Limited Obligation Series A 2016 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:												
Taxes:												
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 318,123,595	$ -	$ 318,123,595
Gross receipts	-	-	-	-	-	-	-	-	-	269,684,874	-	269,684,874
Excise	-	-	-	-	-	-	-	-	-	2,728,034	-	2,728,034
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	77,795,541	-	77,795,541
Intergovernmental	-	14,422	-	-	-	-	1,967,249	-	-	3,526,327	-	3,526,327
Licenses and permits	-	-	150	-	-	-	-	-	-	464,599	-	464,599
Charges for services	-	-	-	-	-	-	-	-	-	4,463,121	-	4,463,121
Fines and forfeits	-	-	-	-	-	-	889,391	-	-	889,391	-	889,391
Interest and investment earnings	-	-	107	168	-	-	-	10,081	49,603	66,555	-	66,555
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	4,043	-	4,043
Contributions from component units	-	-	-	-	1,356,160	-	-	-	-	3,391,947	-	3,391,947
Other	-	-	28,870	-	-	-	-	-	-	6,888,658	-	6,888,658
Total revenues	-	14,422	29,127	168	1,356,160	-	2,856,640	10,081	49,603	688,026,685	-	688,026,685
Expenditures by Function:												
Current:												
General government	-	-	7,990	750	-	-	-	-	-	47,580,536	-	47,580,536
Protection of life and property	-	-	-	-	-	-	-	-	-	104,749,741	-	104,749,741
Public health	-	-	-	-	-	-	-	-	-	7,758,976	-	7,758,976
Community services	-	-	-	-	-	-	-	-	-	26,436,813	-	26,436,813
Recreation	-	-	-	-	-	-	-	-	-	892,879	-	892,879
Individual and collective rights	1,190,248	4,242,505	-	-	-	-	33,796,286	-	-	45,648,629	-	45,648,629
Public education	-	-	-	-	-	-	-	-	-	222,916,071	-	222,916,071
Environmental protection	-	-	-	-	-	-	-	-	-	62,091	-	62,091
Economic development	-	-	-	-	-	-	-	-	-	3,946,208	-	3,946,208
Payments to:												
GovGuam Retirement Fund	-	-	-	-	-	-	-	-	-	3,917,000	-	3,917,000
Guam Community College	-	-	-	-	-	-	-	-	-	19,359,937	-	19,359,937
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	17,575,215	-	17,575,215
University of Guam	-	-	-	-	-	-	-	-	-	30,748,776	-	30,748,776
Miscellaneous appropriations	-	-	-	-	9,010,000	-	-	-	-	62,051,620	-	62,051,620
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	24,839,147	-	24,839,147
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	65,320,600	-	65,320,600
Total expenditures	1,190,248	4,242,505	7,990	750	9,010,000	-	33,796,286	-	-	683,804,239	-	683,804,239
Excess (deficiency) of revenues over (under) expenditures	(1,190,248)	(4,228,083)	21,137	(582)	(7,653,840)	-	(30,939,646)	10,081	49,603	4,222,446	-	4,222,446
Other financing sources (uses):												
Transfers in from other funds	928,652	3,639,505	-	-	7,653,840	-	30,041,755	-	2,843,990	528,184,555	(500,571,962)	27,612,593
Transfers out to other funds	-	-	-	-	-	-	(219,000)	(2,843,990)	-	(542,853,232)	500,571,962	(42,281,270)
Total other financing sources (uses), net	928,652	3,639,505	-	-	7,653,840	-	29,822,755	(2,843,990)	2,843,990	(14,668,677)	-	(14,668,677)
Net change in fund balances (deficit)	(261,596)	(588,578)	21,137	(582)	-	-	(1,116,891)	(2,833,909)	2,893,593	(10,446,231)	-	(10,446,231)
Fund balances (deficit) at beginning of year	599,081	1,572,301	210,247	15,588	-	(13,768)	7,016,134	1,434	14,076,310	(73,002,632)	-	(73,002,632)
Fund balances (deficit) at end of year	$ 337,485	$ 983,723	$ 231,384	$ 15,006	$ -	$ (13,768)	$ 5,899,243	$ (2,832,475)	$ 16,969,903	$ (83,448,863)	$ -	$ (83,448,863)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts
General Fund
Year Ended September 30, 2018

AS/400 Fund Number	100	618	309	628	255/643	214	106	638	104	299	229
	Department of Administration	Guam Department of Education	Department of Education Operations	Agana Fractional Lots Program	Better Public Service	DMHSA Receiver	DOC Inmates Revolving	D.O.D. Contract	DPHSS Sanitary Inspection Revolving	Exxon Fuel Overcharge	Financial Management Revolving	General Services Agency
Revenues:												
Taxes:												
Income	$ 318,123,595	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	269,684,874	-	-	-	-	-	-	-	-	-	-	-
Excise	2,728,034	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	77,795,541	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	1,475,370	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	12,070	-	-	-	17,419	-	130,504	2,058
Charges for services	1,746,790	1,680,765	-	-	-	-	1,035,566	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	4	-	-	-	-	2	68	1,346	-	-
Indirect cost reimbursement	4,043	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	2,035,787	-	-	-	-	-	-	-	-	-	-	-
Other	6,850,991	-	-	-	-	-	-	-	-	-	-	-
Total revenues	678,969,655	3,156,135	4	-	12,070	-	1,035,566	2	17,487	1,346	130,504	2,058
Expenditures by Object:												
Salaries and wages - regular	87,027,403	132,943,174	-	-	-	-	-	-	38,763	6,486	619	945
Salaries and wages - overtime	9,434,946	-	-	-	-	-	-	-	-	-	8,784	-
Salaries and wages - fringe benefits	29,197,778	46,829,102	-	-	-	-	-	-	13,587	3,887	248	239
Travel	231,894	513,817	-	-	-	-	-	-	8,095	11,132	-	-
Contractual services	20,146,587	18,077,501	-	-	1,313,163	-	1,636,645	-	7,232	18,254	19,179	-
Building rent	4,795,343	-	-	-	316,897	-	-	-	-	-	-	-
Supplies	1,374,368	1,075,522	-	-	170,811	-	204,936	-	1,040	8,561	12,755	-
Equipment	544,697	571,129	-	-	-	-	14,603	-	17,431	-	33,844	-
Utilities - power and water	5,603,337	15,010,950	-	-	-	-	-	-	-	9,078	-	-
Communications	1,316,476	221,664	-	-	-	-	-	-	-	92	-	-
Capital outlays	2,990,084	21,491	-	-	-	-	-	-	35,693	-	-	-
Grants and subsidies	63,887,648	7,426,907	-	-	-	-	-	-	-	-	-	-
COLA/Supplemental annuity benefits	13,766,000	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	37,631,316	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	20,800,000	4,039,147	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	49,744,262	15,576,338	-	-	-	-	-	-	-	-	-	-
Miscellaneous	14,832,904	224,814	-	-	-	-	213,307	-	-	750	-	-
Total expenditures	363,325,043	242,531,556	-	-	1,800,871	-	2,069,491	-	121,841	58,240	75,429	1,184
Excess (deficiency) of revenues over (under) expenditures	315,644,612	(239,375,421)	4	-	(1,788,801)	-	(1,033,925)	2	(104,354)	(56,894)	55,075	874
Other financing sources (uses):												
Transfers in from other funds	650,000	237,386,673	206,704,977	-	1,547,365	-	-	-	-	-	-	-
Transfers out to other funds	(321,400,617)	(650,000)	(206,704,977)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	(320,750,617)	236,736,673	-	-	1,547,365	-	-	-	-	-	-	-
Net change in fund balances (deficit)	(5,106,005)	(2,638,748)	4	-	(241,436)	-	(1,033,925)	2	(104,354)	(56,894)	55,075	874
Fund balances (deficit) at beginning of year	(108,332,106)	4,870,800	5,024	90,169	-	(63,494)	1,093,406	1,185	604,656	67,654	90,131	50,232
Fund balances (deficit) at end of year	$ (113,438,111)	$ 2,232,052	$ 5,028	$ 90,169	$ (241,436)	$ (63,494)	$ 59,481	$ 1,187	$ 500,302	$ 10,760	$ 145,206	$ 51,106

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2018

AS/400 Fund Number	404	239	659	617	616	201	298	303	321		293	329	
	GSA Inventory Revolving	Government Claims	Guam Memorial Hospital Authority Medicaid	Guam Memorial Hospital Authority Pharmaceuticals	Guam Telephone Authority Privatization Proceeds	Housing Revolving	Human Resources Services Revolving	Income Tax Refund Reserve	Income Tax Efficiency Payment	Legislature Operations	Medically Indigent Program Payment Revolving	Off-Island Treatment	Office of Public Accountability
Revenues:													
Taxes:													
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Excise	-	-	-	-	-	-	-	-	-	-	-	-	-
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	69,286
Licenses and permits	246,725	-	-	-	-	-	55,673	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	-	-	-	114	1,547	-	-	3,515
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions from component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	50	-	-	8,747
Total revenues	246,725	-	-	-	-	-	55,673	-	114	1,597	-	-	81,548
Expenditures by Object:													
Salaries and wages - regular	-	-	-	-	-	-	-	-	-	5,452,683	-	-	997,250
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-	-	1,142,061	-	-	328,937
Travel	-	-	-	-	-	-	-	-	-	34,004	16,143	-	-
Contractual services	-	-	-	-	-	-	-	-	-	382,209	-	-	125,832
Building rent	-	-	-	-	-	-	-	-	-	324,000	-	-	122,259
Supplies	-	-	-	-	-	-	1,446	-	-	69,489	-	-	929
Equipment	-	-	-	-	-	-	-	-	-	41,859	-	-	507
Utilities - power and water	-	-	-	-	-	-	-	-	-	98,415	-	-	-
Communications	-	-	-	-	-	-	-	-	-	71,336	-	-	2,694
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	5,175,667	-	-	-	-	-	-	-	-	-
COLA/Supplemental annuity benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	216,068	-	-	-	-	66,527	-	-	226,106	9,114,402	1,478,655	83,327
Total expenditures	-	216,068	-	5,175,667	-	-	67,973	-	-	7,842,162	9,130,545	1,478,655	1,661,735
Excess (deficiency) of revenues over (under) expenditures	246,725	(216,068)	-	(5,175,667)	-	-	(12,300)	-	114	(7,840,565)	(9,130,545)	(1,478,655)	(1,580,187)
Other financing sources (uses):													
Transfers in from other funds	-	216,068	5,517,324	10,692,990	-	-	-	-	-	8,355,301	9,130,562	1,478,655	1,396,898
Transfers out to other funds	-	-	(5,517,324)	(5,517,324)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	216,068	-	5,175,666	-	-	-	-	-	8,355,301	9,130,562	1,478,655	1,396,898
Net change in fund balances (deficit)	246,725	-	-	(1)	-	-	(12,300)	-	114	514,736	17	-	(183,289)
Fund balances (deficit) at beginning of year	2,198,237	-	-	17	799,786	294,955	107,200	518,983	280,822	385,105	18,253	(13,213)	452,239
Fund balances (deficit) at end of year	$ 2,444,962	$ -	$ -	$ 16	$ 799,786	$ 294,955	$ 94,900	$ 518,983	$ 280,936	$ 899,841	$ 18,270	$ (13,213)	$ 268,950

(continued)

GOVERNMENT OF GUAM

Combining Schedule of Revenues, Expenditures by Object, and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended September 30, 2018

AS/400 Fund Number			314	103	607	645		355	363			
	Public Defender Service Corporation (APD)	Public Defender Service Corporation (Operations)	State Agency for Surplus Property	StripperWell Overcharge	Supplemental Annuity Benefits	Supplemental Appropriations Revenue	Unified Courts of Guam	Water System Revenue Bond Debt Service	Limited Obligation Series A 2009 Debt Service	Combined Total	Eliminating Entries	Total
Revenues:												
Taxes:												
Income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 318,123,595	$ -	$ 318,123,595
Gross receipts	-	-	-	-	-	-	-	-	-	269,684,874	-	269,684,874
Excise	-	-	-	-	-	-	-	-	-	2,728,034	-	2,728,034
Section 30 Federal income tax collections	-	-	-	-	-	-	-	-	-	77,795,541	-	77,795,541
Intergovernmental	-	14,422	-	-	-	-	1,967,249	-	-	3,526,327	-	3,526,327
Licenses and permits	-	-	150	-	-	-	-	-	-	464,599	-	464,599
Charges for services	-	-	-	-	-	-	-	-	-	4,463,121	-	4,463,121
Fines and forfeits	-	-	-	-	-	-	889,391	-	-	889,391	-	889,391
Interest and investment earnings	-	-	107	168	-	-	-	10,081	49,603	66,555	-	66,555
Indirect cost reimbursement	-	-	-	-	-	-	-	-	-	4,043	-	4,043
Contributions from component units	-	-	-	-	1,356,160	-	-	-	-	3,391,947	-	3,391,947
Other	-	-	28,870	-	-	-	-	-	-	6,888,658	-	6,888,658
Total revenues	-	14,422	29,127	168	1,356,160	-	2,856,640	10,081	49,603	688,026,685	-	688,026,685
Expenditures by Object:												
Salaries and wages - regular	762,146	2,823,813	9	-	-	-	20,908,707	-	-	250,961,998	-	250,961,998
Salaries and wages - overtime	-	-	132	-	-	-	589,398	-	-	10,033,260	-	10,033,260
Salaries and wages - fringe benefits	260,325	969,297	36	-	-	-	7,441,529	-	-	86,187,026	-	86,187,026
Travel	-	14,422	-	-	-	-	243,552	-	-	1,073,059	-	1,073,059
Contractual services	57,688	107,155	4,084	-	-	-	1,800,961	-	-	43,696,490	-	43,696,490
Building rent	66,096	273,600	-	-	-	-	-	-	-	5,898,195	-	5,898,195
Supplies	4,694	12,375	2,184	-	-	-	131,024	-	-	3,070,134	-	3,070,134
Equipment	26,502	2,349	1,545	-	-	-	42,158	-	-	1,296,624	-	1,296,624
Utilities - power and water	-	-	-	-	-	-	966,021	-	-	21,687,801	-	21,687,801
Communications	-	-	-	-	-	-	115,147	-	-	1,727,409	-	1,727,409
Capital outlays	-	-	-	-	-	-	1,424,265	-	-	4,471,533	-	4,471,533
Grants and subsidies	-	-	-	-	-	-	-	-	-	76,490,222	-	76,490,222
COLA/Supplemental annuity benefits	-	-	-	-	9,010,000	-	-	-	-	22,776,000	-	22,776,000
Retiree healthcare benefits	-	-	-	-	-	-	-	-	-	37,631,316	-	37,631,316
Principal retirement	-	-	-	-	-	-	-	-	-	24,839,147	-	24,839,147
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	65,320,600	-	65,320,600
Miscellaneous	12,797	39,494	-	750	-	-	133,524	-	-	26,643,425	-	26,643,425
Total expenditures	1,190,248	4,242,505	7,990	750	9,010,000	-	33,796,286	-	-	683,804,239	-	683,804,239
Excess (deficiency) of revenues over (under) expenditures	(1,190,248)	(4,228,083)	21,137	(582)	(7,653,840)	-	(30,939,646)	10,081	49,603	4,222,446	-	4,222,446
Other financing sources (uses):												
Transfers in from other funds	928,652	3,639,505	-	-	7,653,840	-	30,041,755	-	2,843,990	528,184,555	(500,571,962)	27,612,593
Transfers out to other funds	-	-	-	-	-	-	(219,000)	(2,843,990)	-	(542,853,232)	500,571,962	(42,281,270)
Total other financing sources (uses), net	928,652	3,639,505	-	-	7,653,840	-	29,822,755	(2,843,990)	2,843,990	(14,668,677)	-	(14,668,677)
Net change in fund balances (deficit)	(261,596)	(588,578)	21,137	(582)	-	-	(1,116,891)	(2,833,909)	2,893,593	(10,446,231)	-	(10,446,231)
Fund balances (deficit) at beginning of year	599,081	1,572,301	210,247	15,588	-	(13,768)	7,016,134	1,434	14,076,310	(73,002,632)	-	(73,002,632)
Fund balances (deficit) at end of year	$ 337,485	$ 983,723	$ 231,384	$ 15,006	$ -	$ (13,768)	$ 5,899,243	$ (2,832,475)	$ 16,969,903	$ (83,448,863)	$ -	$ (83,448,863)

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Revenues:		
Taxes:		
Income	$ 318,123,595	$ 354,709,313
Gross receipts	269,684,874	237,133,647
Excise	2,728,034	2,835,998
Section 30 Federal income tax collections	77,795,541	87,154,735
Intergovernmental	3,526,327	6,925,146
Licenses and permits	464,599	5,475,813
Charges for services	4,463,121	4,078,639
Fines and forfeits	889,391	804,361
Interest and investment earnings	66,555	179,649
Indirect cost reimbursement	4,043	298,822
Contributions from component units	3,391,947	3,398,928
Other	6,888,658	6,020,618
Total revenues	688,026,685	709,015,669
Expenditures by Department:		
General Government:		
Office of I Maga'lahen Guahan:		
Office of the Governor	4,548,324	4,628,825
Office of the Governor - Guam Liaison Office	175,653	219,451
Government House	791,499	822,933
Medical Referral Offices	897,114	601,124
Office of Civil Defense	388,121	-
Office of Veteran's Affairs	446,278	579,902
	7,246,989	6,852,235
Office of I Segundu Na Maga'lahen Guahan:		
Office of the Lieutenant Governor	1,018,484	1,044,603
Bureau of Budget and Management Research:		
Office of the Director	296,804	387,230
Internal Audit Division	720,792	801,820
	1,017,596	1,189,050
Civil Service Commission:		
Office of the Director	450,248	440,618
Board of Commissioners	31,717	58,440
Legal Office	166,721	204,121
Personnel Management	302,982	279,603
	951,668	982,782
Department of Administration:		
Office of the Director	3,909,872	4,316,527
Office of the Director - Child Support	522,693	787,588
Personnel Management	1,942,975	1,732,389
Financial Management	75,429	51,535
Data Processing	3,058,613	2,868,340
General Services Agency	996,322	1,113,453
Division of Accounts	2,761,762	2,687,328
	13,267,666	13,557,160

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Expenditures by Department, continued:		
General Government, continued:		
Department of Public Works:		
Office of the Director	30,368	1,651,645
Capital Improvement Projects	54,138	12,535
Bus Maintenance	-	485,755
Building Construction and Facilities Maintenance	5,388	908,182
	89,894	3,058,117
Department of Revenue and Taxation:		
Office of the Director	4,656,047	3,838,067
Office of the Director - Vacancies and Overtime	2,201,355	1,860,695
Tax Enforcement Division	2,537,244	2,061,788
Real Property Tax Division	754,260	794,801
Taxpayer Services Division	1,476,459	1,562,757
Regulatory Division	1,075,772	1,122,459
Motor Vehicle Division	644,679	674,093
	13,345,816	11,914,660
Department of Land Management:		
Office of the Director	298,236	424,968
Ancestral Land Trust Commission	82,228	86,588
	380,464	511,556
Legislative Branch:		
Guam Legislature	7,842,162	8,899,858
Public Auditor:		
Office of Public Accountability	1,661,735	1,571,243
Total General Government	46,822,474	49,581,264
Protection of Life and Property:		
Department of Corrections:		
Office of the Director	5,361,754	5,624,816
Office of the Director - Bureau of Prisons	503,500	473,921
Office of the Director - Food Contract	1,468,100	2,930,636
Office of the Director - Vacancy Pool	-	1,011,972
Office of the Director - Electronic Locking System	1,590,000	82,500
Office of the Director - GMHA	650,000	839,720
Office of the Director - CJIS	89,730	-
Adult Correctional Facility	13,862,835	12,030,935
Rosario Detention Center	2,913,023	2,627,952
Casework and Counseling Service Division	369,758	369,968
Forensic Division	189,927	243,688
Parole Service Division	610,081	756,490
	27,608,708	26,992,598
Department of Youth Affairs:		
Office of the Director	219,130	215,672
Division of Youth Development	1,176,369	1,057,517
Division of Youth Corrections	3,305,344	3,164,243
Division of Vocational Rehabilitation and Support Services	1,071,810	1,110,165
	5,772,653	5,547,597

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Expenditures by Department, continued:		
Protection of Life and Property, continued:		
Guam Fire Department:		
Office of the Fire Chief	290,474	225,890
Administrative and Logistical Support	444,378	1,187,251
Emergency Medical Service/Rescue Operations Bureau	9,696,336	10,876,679
Fire Suppression Bureau	19,946,502	19,676,592
	30,377,690	31,966,412
Guam Police Department:		
Office of the Chief	4,817,604	4,833,876
Office of the Chief - Police Commander	3,407,678	3,496,993
Office of the Chief - Administration Division	1,278,995	1,303,617
Office of the Chief - Overtime	1,002,017	1,438,957
Office of the Chief - Workers' Compensation Disability	11,279	11,279
Office of the Chief - Vacancy Pool	76,095	142,577
Office of the Chief - Fuel	377,078	267,940
Criminal Investigation Division	3,039,793	3,479,048
Neighborhood Patrol Division	10,240,954	11,246,786
Support Division	1,566,396	1,486,277
Forensic Science Division	2,142,600	2,176,541
Highway Patrol Division	-	1,456,872
	27,960,489	31,340,763
Office of the Attorney-General:		
Attorney-General's Office	12,595,567	13,202,865
Chief Medical Examiner:		
Medical Examiner's Office	434,634	415,488
Total Protection of Life and Property	104,749,741	109,465,723
Public Health:		
Guam Behavioral Health and Wellness Center:		
Office of the Director	1,406,100	3,070,761
Clinical Services Division	251,943	-
Child and Adolescent Services Division	141,755	1,243,378
Nursing Services Division	43,287	-
	1,843,085	4,314,139
Department of Public Health and Social Services:		
Office of the Director	814,971	770,392
Chief Public Health Office	392,729	-
Nutrition Services	213,244	73,790
Communicable Disease Control	859,246	1,629,299
Primary Care Services	522,164	-
Family Health and Nursing	324,744	513,264
Physical Activity Action Team	-	34,969
Division of Environmental Health	743,311	74,240
Financial Management Services	221,599	215,628
Supply Section	100,108	117,776
Management Support Services	206,231	166,779
Facilities and Maintenance	1,326,168	1,070,120
Systems Group	191,376	140,547
	5,915,891	4,806,804
Total Public Health	7,758,976	9,120,943

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Expenditures by Department, continued:		
Community Services:		
Department of Public Health and Social Services:		
Medically Indigent Program	9,181,105	9,365,695
Medicaid local match	4,500,622	-
Public Assistance Program	1,689,856	1,571,920
Foster Care	3,426,289	3,025,280
Division of Senior Citizens	6,568,807	7,528,045
Adult Protective Services	654,394	644,317
	26,021,073	22,135,257
Department of Integrated Services for Individuals with Disabilities:		
Office of the Director	414,215	508,479
Fiscal Support	1,525	2,584
	415,740	511,063
Total Community Services	26,436,813	22,646,320
Recreation:		
Department of Parks and Recreation:		
Office of the Director	606,858	-
Historic Resources Division	286,021	-
Territorial Park Protection	-	309,755
Total Recreation	892,879	309,755
Individual and Collective Rights:		
Office of I Maga'lahen Guahan:		
Commission on Decolonization	224,716	225,661
Department of Chamorro Affairs:		
Office of the Director	1,659	658,739
Guam Public Library	17,762	1,063,550
Guam Council on the Arts and Humanities	24,185	78,924
Research Publication and Training	-	62,433
Guam Educational Telecommunications Corporation	3,993	574,088
Guam Museum	-	117,791
	47,599	2,555,525
Department of Labor:		
Office of the Director	565,627	509,143
Alien Labor Processing and Certification Division	273,662	-
Wage and Hour Division	108,406	217,696
Bureau of Labor Statistics	259,631	248,304
Fair Employment Practice Office	77,044	60,726
Worker's Compensation Commission	274,553	263,439
Fiscal and Support Office	143,494	270,439
	1,702,417	1,569,747
Department of Military Affairs:		
Office of the Adjutant General	151,752	179,101
Other:		
Unified Courts of Guam	33,796,286	34,061,917
Public Defender Services Corporation	5,432,753	5,269,880
Guam Election Commission	1,742,964	1,487,834
Mayor's Council of Guam	2,550,142	5,894,188
	43,522,145	46,713,819
Total Individual and Collective Rights	45,648,629	51,243,853

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Expenditures by Department, continued:		
Public Education:		
Guam Commission for Educator Certification	-	222,937
Department of Education:		
Guam Public School System	222,916,071	242,269,886
Department of Public Works:		
Bus Operations	-	3,077,843
Total Public Education	222,916,071	245,570,666
Environmental Protection:		
Guam Energy Office	62,091	35,170
Total Environmental Protection	62,091	35,170
Economic Development:		
Bureau of Statistics and Plans:		
Administration	291,649	341,421
Planning Information	244,146	264,144
Socio-Economic Planning	137,699	156,779
Business and Economic Statistics Division	515,257	429,375
	1,188,751	1,191,719
Department of Agriculture:		
Office of the Director	722,837	732,105
Forestry and Soil Resources	842,750	770,709
Aquatic and Wildlife Resources Division	134,640	149,770
Animal and Plant Industry Division	411,968	426,446
Plant Inspection Station	234,966	231,706
Animal Health Section	410,296	751,007
	2,757,457	3,061,743
Total Economic Development	3,946,208	4,253,462
Payments to Component Units:		
Government of Guam Retirement Fund:		
Medicare Reimbursement	3,300,000	2,100,000
Governor and Lieutenant Governor Pension Contributions	252,000	252,000
Judge and Justice Retirement Annuities	365,000	363,000
	3,917,000	2,715,000
Guam Community College	19,359,937	17,122,713
Guam Memorial Hospital Authority	17,575,215	22,652,248
University of Guam	30,748,776	26,333,645
Total Payments to Component Units	71,600,928	68,823,606
Miscellaneous Appropriations:		
Retiree Healthcare Premiums	37,631,316	38,748,017
Retiree COLA payments	13,766,000	13,476,000
Retiree supplemental annuity benefit payments	9,010,000	9,490,000
Landfill Tax Credits - Principal	564,479	317,952
Landfill Tax Credits - Interest	193,583	365,465
Tiyan Collateral Equipment Tax Credits	-	2,492,391
Guam Basketball Federation Tax Credits	-	756,071
Total Miscellaneous Appropriations	61,165,378	65,645,896

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Expenditures by Department, continued:		
Interest and Other Charges:		
Interest on tax refunds	1,698,593	1,583,990
Other	(54,289)	769,619
Total Interest and Other Charges	1,644,304	2,353,609
Debt Service:		
Principal retirement	24,839,147	20,834,648
Interest and fiscal charges	65,320,600	64,760,430
Total Debt Service	90,159,747	85,595,078
Total expenditures	683,804,239	714,645,345
Deficiency of revenues under expenditures	4,222,446	(5,629,676)
Other financing sources (uses):		
Capital leases	-	26,995,762
	-	26,995,762
Transfers in from other funds:		
Capitol District Fund	-	430,000
Chamorro Land Trust Survey and Infrastructure Fund	-	321,263
Chamorro Loan Guarantee Fund	-	320,105
Controlled Substance Diversion Fund	-	131,806
Customs, Agriculture and Quarantine Inspection Fund	-	1,852,949
DLM Building Construction Fund	-	588,520
Enhanced 911 Emergency Reporting System Fund	-	839,583
GFD Capital Revolving Fund	-	331,345
Guam Charter Schools Fund	7,426,907	8,005,562
Guam Environmental Trust Fund	44,870	104,475
Guam Highway Fund	975,023	2,996,739
Guam Invasive Species Inspection Fee Fund	-	780,195
Health Professional Licensure Fund	-	391,694
Healthy Futures Fund	891,754	891,754
Land Survey Revolving Fund	-	87,351
Limited Gaming Fund	456,389	544,468
Office of Vital Statistics Revolving Fund	-	284,546
Pesticide Management Fund	-	123,274
Police Patrol Vehicle and Equipment Revolving Fund	-	166,970
Public Library System Fund	996,946	928,467
Rabies Prevention Fund	-	92,517
Recycling Revolving Fund	-	2,528,529
Safe Streets, Safe Homes Fund	162,875	-
Street Light Fund	-	255,962
Tax Collection Fund	-	190,417
Territorial Education Facilities Fund	15,785,302	30,862,347
Unified Courts of Guam Trust Fund	872,527	-
	27,612,593	54,050,838

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and
Changes in Deficit - General Fund, Continued
Year Ended September 30, 2018
(With comparatives for the year ended September 30, 2017)

	2018	2017
Other financing sources (uses), continued:		
Transfers out to other funds:		
Federal Grants Assistance Fund	33,949,553	31,832,100
First Generation Trust Fund	-	450,000
Guam Charter Schools Fund	7,426,907	8,005,562
Indirect Cost Fund	-	322,943
Manpower Development Fund	-	396,317
Public Recreation Services Fund	-	127,536
Safe Streets Fund	-	126,637
Unified Courts of Guam Trust Fund	162,875	740,561
Worker's Compensation Fund	741,935	684,401
	42,281,270	42,686,057
Total other financing sources (uses), net	(14,668,677)	38,360,543
Net change in deficit	(10,446,231)	32,730,867
Deficit at the beginning of the year	(73,002,632)	(105,733,499)
Deficit at the end of the year	$ (83,448,863)	$ (73,002,632)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only)
Year Ended September 30, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Revenues:				
Taxes:				
Income tax:				
Corporate	$ 152,601,412	$ 152,601,412	$ 122,235,831	$ (30,365,581)
Individual	78,342,876	78,342,876	90,009,650	11,666,774
Withholding taxes, interest and penalties	281,225,258	281,225,258	230,878,114	(50,347,144)
	512,169,546	512,169,546	443,123,595	(69,045,951)
Provision for tax refund payments	(125,000,000)	(125,000,000)	(125,000,000)	-
Total income taxes	387,169,546	387,169,546	318,123,595	(69,045,951)
Gross receipts	254,800,702	264,200,702	269,684,874	5,484,172
Excise	4,331,470	4,331,470	2,728,034	(1,603,436)
Section 30 Federal income tax collections	68,603,100	68,603,100	77,795,541	9,192,441
Immigration fees	1,854,468	1,854,468	1,746,790	(107,678)
Indirect cost reimbursement	-	-	4,043	4,043
Contributions from component units	2,027,787	2,027,787	2,035,787	8,000
Other	7,977,992	7,977,992	6,850,991	(1,127,001)
Total revenues	726,765,065	736,165,065	678,969,655	(57,195,410)
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahen Guahan:				
Office of the Governor	7,859,225	4,646,841	4,638,411	8,430
Office of the Governor - Guam Liaison Office	-	175,656	175,653	3
Commission on Decolonization	389,475	356,524	299,182	57,342
Government House	15,705	840,608	839,181	1,427
Medical Referral Offices	-	957,455	897,651	59,804
Office of Civil Defense	1,485	501,485	464,356	37,129
Office of Veteran's Affairs	644,821	585,765	468,586	117,179
	8,910,711	8,064,334	7,783,020	281,314
Office of I Segundu Na Maga'lahen Guahan:				
Office of the Lieutenant Governor	16,077	1,034,904	1,032,426	2,478
Bureau of Budget and Management Research:				
Office of the Director	1,355,866	345,581	338,084	7,497
Internal Audit Division	-	810,857	720,792	90,065
	1,355,866	1,156,438	1,058,876	97,562
Civil Service Commission:				
Office of the Director	1,084,983	470,533	451,568	18,965
Board of Commissioners	-	33,168	31,717	1,451
Legal Office	20,860	193,863	170,250	23,613
Personnel Management	-	303,056	302,982	74
	1,105,843	1,000,620	956,517	44,103
Department of Administration:				
Office of the Director	11,323,294	2,537,503	2,307,569	229,934
Office of the Director - Child Support	946,969	804,923	522,693	282,230
Personnel Management	-	1,858,013	1,875,002	(16,989)
Data Processing	545,517	3,460,184	3,258,124	202,060
General Services Agency	-	985,765	987,148	(1,383)
Division of Accounts	-	2,762,179	2,760,262	1,917
	12,815,780	12,408,567	11,710,798	697,769
Guam Election Commission	1,529,124	1,867,759	1,785,092	82,667

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only), Continued
Year Ended September 30, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Revenue and Taxation:				
Office of the Director	11,464,378	2,946,979	2,942,993	3,986
Office of the Director - Vacancies and Overtime	289,018	2,331,196	2,203,519	127,677
Office of the Director - Vacancies and Tax Attorney	3,522	3,522	2,183	1,339
Office of the Director - Stimulus Tax Rebates	-	2	-	2
Office of the Director - Real Property Assessment Bond	3,104	3,104	3,104	-
Tax Enforcement Division	-	2,561,431	2,537,244	24,187
Real Property Tax Division	-	754,143	754,260	(117)
Taxpayer Services Division	-	1,449,567	1,476,459	(26,892)
Regulatory Division	-	1,080,740	1,075,772	4,968
Motor Vehicle Division	-	648,674	644,679	3,995
	11,760,022	11,779,358	11,640,213	139,145
Bureau of Statistics and Plans:				
Administration	1,252,726	320,466	294,247	26,219
Chief Economist's Office	256	259	85	174
Planning Information	-	244,146	244,146	-
Socio-Economic Planning	-	138,360	137,699	661
Business and Economic Statistics Division	-	515,405	515,257	148
	1,252,982	1,218,636	1,191,434	27,202
Department of Public Works:				
Office of the Director	31,734	31,734	30,368	1,366
Capital Improvement Projects	241,573	191,573	54,138	137,435
Bus Maintenance	28,829	28,829	28,829	-
Bus Operations Division	3	3	-	3
Building Construction and Facilities Maintenance	71,309	71,309	5,388	65,921
	373,448	323,448	118,723	204,725
Office of the Attorney-General:				
Attorney-General's Office	16,799,580	14,518,936	12,853,490	1,665,446
Guam Police Department:				
Office of the Chief	31,337,938	5,454,557	5,138,769	315,788
Office of the Chief - Equipment and Training	3,201	3,201	-	3,201
Office of the Chief - Workers' Compensation Disability	-	11,279	11,279	-
Office of the Chief - Portable Radios	-	8,563	-	8,563
Office of the Chief - Vacancy Pool	-	-	76,095	(76,095)
Office of the Chief - Civilian Volunteer Police Reserve	-	100,000	-	100,000
Office of the Chief - Overtime	-	919,715	1,002,017	(82,302)
Office of the Chief - Administration Division	-	1,247,482	1,278,995	(31,513)
Office of the Chief - Fuel	-	377,078	377,078	-
Office of the Chief - Police Commander	-	3,406,531	3,407,678	(1,147)
Criminal Investigation Division	-	3,038,465	3,039,793	(1,328)
Neighborhood Patrol Division	-	10,100,703	10,240,954	(140,251)
Support Division	-	1,566,137	1,566,396	(259)
Recreational Boating Safety	-	-	-	-
Forensic Science Division	130,424	2,163,007	2,142,600	20,407
COPS Hiring Program	-	-	-	-
	31,471,563	28,396,718	28,281,654	115,064

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only), Continued
Year Ended September 30, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Corrections:				
Office of the Director	24,225,706	4,079,549	3,467,426	612,123
Office of the Director - Bureau of Prisons	-	503,500	503,500	-
Office of the Director - Food Service Contract	-	1,468,100	1,468,100	-
Office of the Director - Electronic Locking System	1,617,500	1,617,500	1,617,500	-
Office of the Director - GMHA	-	650,000	650,000	-
Office of the Director - CJIS	-	89,730	89,730	-
Adult Correctional Facility	503,511	13,892,516	13,862,835	29,681
Rosario Detention Center	-	2,997,755	2,913,023	84,732
Casework and Counseling Service Division	-	455,003	369,758	85,245
Forensic Division	-	324,075	189,927	134,148
Parole Service Division	-	693,989	610,081	83,908
	26,346,717	26,771,717	25,741,880	1,029,837
Department of Agriculture:				
Office of the Director	3,159,386	741,649	722,837	18,812
Forestry and Soil Resources	-	841,227	842,750	(1,523)
Aquatic and Wildlife Resources Division	-	158,678	134,640	24,038
Animal and Plant Industry Division	-	411,969	411,968	1
Plant Inspection Station	-	234,424	234,966	(542)
Animal Health Section	-	439,852	410,296	29,556
	3,159,386	2,827,799	2,757,457	70,342
Department of Public Health and Social Services:				
Office of the Director	23,202,175	956,837	908,967	47,870
Chief Public Health Office	90,509	492,143	410,715	81,428
Nutrition Services	1,323	687,557	213,805	473,752
Communicable Disease Control	66,637	1,021,068	991,473	29,595
Community Health Services	1,020	1,020	-	1,020
Primary Care Services	198,178	789,419	640,570	148,849
Family Health and Nursing	17,170	328,983	324,744	4,239
Physical Activity Action Team	8,031	66,788	8,031	58,757
Division of Environmental Health	11,686	642,032	633,322	8,710
Financial Management Services	407	222,554	222,145	409
Supply Section	-	100,110	100,108	2
Management Support Services	17,809	229,946	212,700	17,246
Facilities and Maintenance	360,113	1,807,083	1,453,768	353,315
Systems Group	184,356	437,904	309,447	128,457
Medically Indigent Program	-	699,289	50,895	648,394
Medicaid Assistance Program	17,502,020	-	-	-
Medicaid Local Match	-	-	4,500,622	(4,500,622)
Employment and Training Program	-	-	-	-
Foster Care	24,105	3,450,397	3,426,289	24,108
Public Assistance Program	3,384,305	1,691,341	1,717,856	(26,515)
Food Stamps	-	-	-	-
Division of Senior Citizens	897,051	7,587,185	7,378,193	208,992
Adult Protective Services	107,535	858,968	759,913	99,055
	46,074,430	22,070,624	24,263,563	(2,192,939)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only), Continued
Year Ended September 30, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Education:				
Charter school operations	8,060,000	7,426,908	7,426,907	1
GDOE COPS 2010	5,128,200	5,128,200	5,128,200	-
GDOE COPS 2013	2,936,685	2,936,685	2,936,685	-
Simon Sanchez High School	-	1,500,000	-	1,500,000
Operations	214,810,861	214,310,861	201,354,656	12,956,205
Pre-Kindergarten Pilot Program	1,054,596	1,054,596	-	1,054,596
Chamorro Studies	401,207	401,207	401,207	-
Secure Our School Act	-	49,425	8,627	40,798
Textbooks	1,500,000	1,500,000	1,500,000	-
GPSS A/C maintenance	-	619,389	-	619,389
GPSS school maintenance	-	500,000	500,000	-
GPSS facility repairs	11,359	11,359	11,359	-
	233,902,908	235,438,630	219,267,641	16,170,989
Department of Youth Affairs:				
Office of the Director	6,239,538	225,416	219,130	6,286
Division of Youth Development	-	1,225,240	1,176,369	48,871
Division of Youth Corrections	-	3,312,878	3,305,344	7,534
Division of Vocational Rehabilitation and Support Services	130,792	1,236,796	1,104,832	131,964
	6,370,330	6,000,330	5,805,675	194,655
Guam Behavioral Health and Wellness Center:				
Office of the Director	3,009,654	2,346,000	1,668,045	677,955
Office of the Director - Permanent Injunction	11,299	11,299	3,850	7,449
Clinical Services Division	47,722	359,879	302,919	56,960
Child and Adolescent Services Division	-	142,890	142,473	417
Nursing Services Division	40,506	89,079	43,287	45,792
	3,109,181	2,949,147	2,160,574	788,573
Department of Labor:				
Office of the Director	2,020,550	596,587	591,155	5,432
Alien Labor Processing and Certification Division	-	273,662	273,662	-
Wage and Hour Division	-	108,406	108,406	-
Bureau of Labor Statistics	-	259,631	259,631	-
Fair Employment Practice Office	-	77,044	77,044	-
Worker's Compensation Commission	-	274,553	274,553	-
Fiscal and Support Office	-	155,524	143,494	12,030
	2,020,550	1,745,407	1,727,945	17,462
Department of Parks and Recreation:				
Office of the Director	403,545	8,677	606,858	(598,181)
Guam Basketball Confederation Tax Credits	-	-	-	-
Historic Resources Division	1,543	314,945	287,984	26,961
	405,088	323,622	894,842	(571,220)
Department of Integrated Services for Individuals with Disabilities:				
Office of the Director	1,055,593	536,689	415,308	121,381
Fiscal Support	-	1,526	1,525	1
	1,055,593	538,215	416,833	121,382
Mayor's Council of Guam:				
Mayors' Council Consolidated Accounts	908,824	1,370,435	2,670,847	(1,300,412)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only), Continued
Year Ended September 30, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Land Management:				
Office of the Director	343,292	481,101	298,236	182,865
Ancestral Land Trust Commission	91,757	91,757	82,228	9,529
	435,049	572,858	380,464	192,394
Chief Medical Examiner:				
Medical Examiner's Office	444,191	437,202	434,634	2,568
Department of Chamorro Affairs:				
Office of the Director	5,114	5,114	1,659	3,455
Guam Public Library	205,491	205,491	17,762	187,729
Guam Council on the Arts and Humanities Agency	-	-	24,185	(24,185)
Guam Educational Telecommunications Corporation	16,502	16,502	3,993	12,509
Guam Museum	31,931	31,931	-	31,931
	259,038	259,038	47,599	211,439
Department of Military Affairs:				
Office of the Adjutant General	909,424	153,333	152,725	608
Guam Fire Department:				
Office of the Fire Chief	31,885,115	297,078	290,474	6,604
Administrative and Logistical Support	293,318	747,518	446,188	301,330
Emergency Medical Service/Rescue Operations Bureau	-	9,704,257	9,696,336	7,921
Fire Suppression Bureau	-	19,942,942	19,946,502	(3,560)
	32,178,433	30,691,795	30,379,500	312,295
Payments to Component Units:				
Guam Community College	19,750,031	21,170,846	19,359,937	1,810,909
Guam Memorial Hospital Authority	2,770,616	12,652,792	12,399,548	253,244
University of Guam	35,077,747	41,291,422	30,748,776	10,542,646
	57,598,394	75,115,060	62,508,261	12,606,799
Government of Guam Retirement Fund Appropriations:				
Medicare Reimbursement	3,300,000	3,300,000	3,300,000	-
Governor and Lieutenant Governor Pension Contributions	252,000	252,000	252,000	-
Judge and Justice Retirement Annuities	365,000	365,000	365,000	-
	3,917,000	3,917,000	3,917,000	-
Total Executive Branch	506,485,532	492,951,930	461,939,683	31,012,247
Miscellaneous Appropriations:				
Retiree Healthcare Premiums	32,384,180	37,639,360	37,631,316	8,044
Retiree Cost of Living Adjustments	13,902,000	13,902,000	13,766,000	136,000
Landfill Tax Credits - Principal	-	-	564,479	(564,479)
Landfill Tax Credits - Interest	-	-	193,583	(193,583)
Tiyan Collateral Equipment Tax Credits	-	-	-	-
Make Work Pay Tax Credit repayment	5,500,000	-	-	-
Guam Energy Office	-	56,305	4,601	51,704
Harmon Industrial Park roadway	250,000	-	-	-
Guam Commission for Educator Certification	2,011	2,011	-	2,011
Total Miscellaneous Appropriations	52,038,191	51,599,676	52,159,979	(560,303)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Revenues, Expenditures by Department, and
Changes in Deficit - Budget and Actual - General Fund (Fund 100 Only), Continued
Year Ended September 30, 2018

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Interest and other charges:				
Interest on tax refunds	-	-	1,698,593	(1,698,593)
Nonappropriated expenditures	-	-	11,250	(11,250)
Other	-	-	(65,539)	65,539
Total Interest and other charges	-	-	1,644,304	(1,644,304)
Debt Service:				
Principal retirement	20,800,000	20,800,000	20,800,000	-
Interest and fiscal charges	49,744,262	49,744,262	49,744,262	-
	70,544,262	70,544,262	70,544,262	-
Total expenditures	629,067,985	615,095,868	586,288,228	28,807,640
Excess of revenues over expenditures	97,697,080	121,069,197	92,681,427	(28,387,770)
Other financing sources (uses):				
Transfers in from other funds:				
Guam Department of Education Fund	650,000	650,000	650,000	-
	650,000	650,000	650,000	-
Transfers out to other funds:				
Better Public Service Fund	603,785	-	527,472	(527,472)
Federal Grants Assistance Fund	-	33,410,015	28,432,229	4,977,786
Government Claims Fund	250,000	250,000	216,068	33,932
GMHA Medicaid Fund	-	90,036	-	90,036
GMHA Pharmaceuticals Fund	15,772,163	-	10,692,990	(10,692,990)
Guam Legislature Fund	8,966,564	8,962,573	8,355,301	607,272
MIP Payment Revolving Fund	16,628,907	9,356,976	9,130,562	226,414
Office of Public Accountability	1,396,898	1,396,898	1,396,898	-
Off-island Treatment Fund	1,600,000	1,600,000	1,478,655	121,345
Public Defender Service Corporation Fund	4,341,373	4,002,354	3,639,505	362,849
Supplemental Annuity Benefits Fund	8,392,000	8,392,000	7,653,840	738,160
Unified Courts of Guam Fund	34,696,443	29,878,880	29,878,880	-
Worker's Compensation Fund	698,593	691,543	741,935	(50,392)
	93,346,726	98,031,275	102,144,335	(4,113,060)
Total other financing sources (uses), net	(92,696,726)	(97,381,275)	(101,494,335)	4,113,060
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	9,051,873	9,051,873	3,706,903	(5,344,970)
Net change in deficit	$ 14,052,227	$ 32,739,795	$ (5,106,005)	$ (37,845,800)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
September 30, 2018

The Nonmajor Governmental Funds statements include the combining balance sheet and combining statement of revenues, expenditures and changes in fund balance for nonmajor special revenue funds, nonmajor capital projects funds, and nonmajor debt service funds that comprise the other governmental funds column in the basic financial statements. The combining nonmajor special revenue funds statements, the combining nonmajor capital projects funds statements, and the combining nonmajor debt service funds are detailed behind the special revenue funds, capital project funds and debt service funds dividers.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2018

ASSETS	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Cash and cash equivalents	$ 42,422,282	$ 1,570,016	$ -	$ 43,992,298
Investments	4,544,532	-	-	4,544,532
Receivables, net:				
Taxes	6,964,874	-	-	6,964,874
Other	4,602,006	-	-	4,602,006
Due from component units	2,215,251	-	-	2,215,251
Due from other funds	22,637,965	175,899	-	22,813,864
Prepayments	85,350	-	-	85,350
Deposits and other assets	-	1,118	-	1,118
Restricted assets:				
Cash and cash equivalents	8,417,382	22,096	-	8,439,478
Investments	300,000	11,051,716	12,526,664	23,878,380
Total assets	$ 92,189,642	$ 12,820,845	$ 12,526,664	$ 117,537,151
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 4,888,115	$ 1,337,180	$ -	$ 6,225,295
Accrued payroll and other	3,063,394	-	-	3,063,394
Due to component units	3,141,950	-	-	3,141,950
Due to other funds	11,092,143	2,608,839	-	13,700,982
Unearned revenue	1,184,346	-	-	1,184,346
Deposits and other liabilities	1,358,425	-	-	1,358,425
Total liabilities	24,728,373	3,946,019	-	28,674,392
Fund balances:				
Restricted	17,705,473	9,400,485	12,526,664	39,632,622
Committed	51,031,938	-	-	51,031,938
Unassigned	(1,276,142)	(525,659)	-	(1,801,801)
Total fund balances	67,461,269	8,874,826	12,526,664	88,862,759
Total liabilities and fund balances	$ 92,189,642	$ 12,820,845	$ 12,526,664	$ 117,537,151

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
Year Ended September 30, 2018

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	$ 29,932,932	$ -	$ -	$ 29,932,932
Hotel	43,181,165	-	-	43,181,165
Liquid fuel	13,297,415	-	-	13,297,415
Tobacco	28,562,068	-	-	28,562,068
Alcoholic beverages	3,676,775	-	-	3,676,775
Limited gaming	4,140,378	-	-	4,140,378
Licenses and permits	54,133,205	857,931	-	54,991,136
Charges for services	21,644,169	-	-	21,644,169
Fines and forfeits	-	603,383	-	603,383
Interest and investment earnings	91,746	(7,160)	112,588	197,174
Intergovernmental	2,122,703	-	-	2,122,703
Other	2,765,591	-	-	2,765,591
Total revenues	203,548,147	1,454,154	112,588	205,114,889
Expenditures by Function:				
Current:				
General government	18,436,895	-	-	18,436,895
Protection of life and property	23,455,718	-	-	23,455,718
Public health	26,113,430	-	-	26,113,430
Community services	1,667	-	-	1,667
Recreation	3,704,300	-	-	3,704,300
Individual and collective rights	14,874,218	743,732	-	15,617,950
Transportation	13,159,030	-	-	13,159,030
Public education	6,834,114	-	-	6,834,114
Environmental protection	26,268,351	-	-	26,268,351
Economic development	737,611	-	-	737,611
Payments to:				
Guam Community College	649,668	-	-	649,668
Guam Memorial Hospital Authority	5,044,340	-	-	5,044,340
Guam Preservation Trust	475,000	-	-	475,000
Guam Visitors Bureau	26,703,484	-	-	26,703,484
University of Guam	4,338,619	-	-	4,338,619
Miscellaneous appropriations	206,496	-	-	206,496
Capital projects	-	3,479,723	-	3,479,723
Debt service:				
Principal retirement	92,473	680,901	2,110,000	2,883,374
Interest and fiscal charges	226,727	312,104	4,885,775	5,424,606
Total expenditures	171,322,141	5,216,460	6,995,775	183,534,376
Excess (deficiency) of revenues over (under) expenditures	32,226,006	(3,762,306)	(6,883,187)	21,580,513
Other financing sources (uses):				
Transfers in from other funds	10,077,758	-	7,145,927	17,223,685
Transfers out to other funds	(35,794,909)	-	-	(35,794,909)
Total other financing sources (uses), net	(25,717,151)	-	7,145,927	(18,571,224)
Net change in fund balances	6,508,855	(3,762,306)	262,740	3,009,289
Fund balances at beginning of year	60,952,414	12,637,132	12,263,924	85,853,470
Fund balances at end of year	$ 67,461,269	$ 8,874,826	$ 12,526,664	$ 88,862,759

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
Year Ended September 30, 2018

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	$ 29,932,932	$ -	$ -	$ 29,932,932
Hotel	43,181,165	-	-	43,181,165
Liquid fuel	13,297,415	-	-	13,297,415
Tobacco	28,562,068	-	-	28,562,068
Alcoholic beverages	3,676,775	-	-	3,676,775
Limited gaming	4,140,378	-	-	4,140,378
Licenses and permits	54,133,205	857,931	-	54,991,136
Charges for services	21,644,169	-	-	21,644,169
Fines and forfeits	-	603,383	-	603,383
Interest and investment earnings	91,746	(7,160)	112,588	197,174
Intergovernmental	2,122,703	-	-	2,122,703
Other	2,765,591	-	-	2,765,591
Total revenues	203,548,147	1,454,154	112,588	205,114,889
Expenditures by Object:				
Salaries and wages - regular	49,121,545	-	-	49,121,545
Salaries and wages - overtime	1,801,829	-	-	1,801,829
Salaries and wages - fringe benefits	18,004,028	-	-	18,004,028
Travel	275,839	-	-	275,839
Contractual services	38,024,039	1,021,643	-	39,045,682
Building rent	4,009,084	510,183	-	4,519,267
Supplies	4,854,838	-	-	4,854,838
Equipment	698,978	62,508	-	761,486
Utilities - power and water	8,551,337	-	-	8,551,337
Communications	473,163	-	-	473,163
Capital outlays	4,945,552	2,599,004	-	7,544,556
Grants and subsidies	37,611,111	-	-	37,611,111
Principal retirement	92,473	680,901	2,110,000	2,883,374
Interest and fiscal charges	226,727	312,104	4,885,775	5,424,606
Other	2,631,598	30,117	-	2,661,715
Total expenditures	171,322,141	5,216,460	6,995,775	183,534,376
Excess (deficiency) of revenues over (under) expenditures	32,226,006	(3,762,306)	(6,883,187)	21,580,513
Other financing sources (uses):				
Transfers in from other funds	10,077,758	-	7,145,927	17,223,685
Transfers out to other funds	(35,794,909)	-	-	(35,794,909)
Total other financing sources (uses), net	(25,717,151)	-	7,145,927	(18,571,224)
Net change in fund balances	6,508,855	(3,762,306)	262,740	3,009,289
Fund balances at beginning of year	60,952,414	12,637,132	12,263,924	85,853,470
Fund balances at end of year	$ 67,461,269	$ 8,874,826	$ 12,526,664	$ 88,862,759

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
September 30, 2018

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of GovGuam's nonmajor governmental funds - special revenue funds as of September 30, 2018, follows.

Accessible Parking Fund - The fund was created by Public Law 18-28 to ensure that disabled persons are given equal access to government offices and services. Revenues are generated from fines collected from those parked illegally in handicapped parking spaces. Expenditures are authorized for maintenance of disabled parking areas.

Air Pollution Control Fund - This fund was created by Public Law 24-40 to provide a coordinated Territory-wide program of air pollution prevention, abatement, and control. Revenues are derived primarily from permit application fees and annual emission fees.

Arts in Public Buildings Fund - This fund was created by Public Law 31-118 to assist in the promotion of local art on display in government public buildings.

Banking and Insurance Enforcement Fund – This fund was created by Public Law 33-91 for the purpose of monitoring and enforcing regulations associated with the banking and insurance industries.

Board of Accountancy Fund - This fund was created for the purpose of regulating aspects of the practice of public accountancy. The Guam Code Annotated Title 22, Subsection 35104(d) states, "all monies collected by the Board … shall be deposited with the Treasurer of Guam to the credit of the Board." Sources of revenues are from the issuance of certificates and permit fees collected from public accountants and firms practicing public accountancy. Monies shall be expended for administering the Public Accountancy Act of 1990.

Capitol District Fund - This fund was created by Public Law 29-69 for the sole purpose of funding the repair, restoration, renovation, or refurbishment of the Guam Congress Building or other Capitol District properties. Income received pursuant to any lease of property within the Capitol District shall be deposited into this fund.

Carrier Off-Duty Services Revolving Fund - This fund was created by Public Law 25-138. Charges from this fund are from services performed by Customs and Quarantine Officers, in the performance of their duties on any day of the week upon special request by the Director of Customs and Quarantine outside of normal working hours.

Chamorro Land Trust Operations Fund - This fund was created by Public Law 28-68 to account for the proceeds from all land use permits, monetary contributions and fees for the benefit of the Chamorro Land Trust Commission (CLTC).

Chamorro Loan Guarantee Fund - This fund was created by Public Law 12-226 to account for loans made by governmental agencies or lending institutions to those holding leases or licenses issued by the Chamorro Land Trust Commission that may be guaranteed. This guarantee may be for home or commercial loan purposes. The loan guarantees shall be subject to certain restrictions.

Chamorro Land Trust Survey and Infrastructure Fund - This fund was created for the purpose of accounting for the receipt of all proceeds from the sale of bull cart trails and land remnants and proceeds from the sale of land under the Land for the Landless program that will be used solely for the surveying of unsurveyed CLTC land and for the operational needs in support thereof.

See Accompanying Independent Auditors' Report.

Child Care Revolving Fund - This fund was created by Public Law 31-73 to account for all funds received under the Child Welfare Services Act.

Community Health Centers Fund - This fund was created to provide for the Southern Community Health Center. Revenues are derived from fees charged to health service recipients utilizing the Center. Revenues are applied to expenditures applicable to the operation of the Center.

Consumer Protection Fund - This fund was created by Public Law 21-18 to account for fees collected by the Attorney General's Office under the Consumer Protection Act.

Contractors' License Board Fund - This fund was created to protect the public by licensing the contractors of Guam. Revenues are derived from both license fees and local appropriations.

Controlled Substance Diversion Fund – This fund was created by Public Law 24-149 for use by the Department of Public Health for programs to monitor controlled substances, to identify and detect its diversion, equipment, supplies and contracts necessary to monitor controlled substances, and training of employees tasked with administering the Act. Revenues for this fund are provided for by fees assessed in relation to the registration and control of the manufacture, distribution and dispensing of controlled substances in Guam.

Criminal Injuries Compensation Fund - The Criminal Injuries Compensation Fund was enacted under Public Law 20-155. The fund was created for the purpose of compensating victims injured through criminal mischief. Public Law 20-155 created the Criminal Injuries Commission which was created to determine, on a case by case basis, who is worthy of compensation. Sources of funding are prosecuted criminals (offenders) and Government appropriations. Per Public Law 20-155, compensation must be made within 18 months of date of injury. In addition, no claim will be awarded in excess of $10,000.

Customs, Agriculture, and Quarantine Inspection Services Fund - This fund was created by Public Law 23-45 and amended by Public Law 23-96 Section 73145 of the Government Code of Guam. The law requires that each aircraft landing at the Guam International Airport Terminal (GIAT) shall be levied a customs, agriculture, and quarantine inspection service charge reasonably related to the cost incurred by the Customs and Quarantine Agency and the Department of Agriculture in providing, maintaining and operating the service charge facilities, and shall be allocated among air carriers in such a manner reasonably related to the relative demand for such services attributable to each carrier. All expenditures of the Fund shall be made exclusively by appropriation of the Guam Legislature. The Fund shall not be commingled with the General Fund and shall be kept in a separate bank account.

Dededo Buffer Strip Revolving Fund - This fund was created as a result of the re-enactment of Section 68901(1) of Title 21 of the Guam Code Annotated as amended by Public Law 24-59. This authorizes the Department of Land Management to enter into commercial leases, not exceeding ten (10) years, for the use of the Dededo and Yigo Municipal Planning Councils (two-thirds to Dededo and one-third to Yigo) for the upkeep and maintenance of sports and recreational facilities.

DLM Building Construction Fund - This fund was created by Public Law 29-46 to account for all monies received from FEMA for the construction of the Department of Land Management building.

See Accompanying Independent Auditors' Report.

DPW Building and Design Fund - This fund was created by Public Law 20-221 to be used for review and building inspection operational expenditures. Any fees collected from plan review and building inspection shall be deposited to the special fund.

Drivers' Education Fund - This fund was created by Public Law 22-20 to be expended on personnel, travel, purchase of vehicles, insurance, fuel and maintenance, textbooks and materials, driving simulators, a consultant and for teachers' stipends.

Enhanced 911 Emergency Reporting System Fund - This fund was created by Public Law 25-55. The fund is created to provide a source of funding for cost associated with the "911" Emergency Reporting System by charging a monthly surcharge known as the "911 Surcharge" paid by Local Exchange Telephone and Commercial Mobil Radio Service subscribers. All money and interest earned by this fund will be used by the Guam Fire Department solely for enhanced "911" equipment and systems.

Environmental Health Fund - This fund was created by Public Law 25-120 to account for all fees and penalties collected pursuant to laws enforced by the Division of Environmental Health of the Department of Public Health and Social Services.

Equitable Sharing Program Fund - This funds accounts for proceeds received from the U.S. Department of Justice Asset Forfeiture Program, which encompasses the seizure and forfeiture of assets that represent the proceeds of, or were used to facilitate federal crimes.

Examiner Off-Duty Services Fund - This fund was created by Public Law 30-140 to account for hourly charges for services required by Department of Revenue and Taxation examiners outside of normal working hours.

Government Ethics Fund - This fund was created for the purpose of accounting for transactions associated with enforcement by the Guam Ethics Commission.

GFD Capital Revolving Fund - This fund was created by Public Law 22-52 to establish a capital outlay revolving fund within the Guam Fire Department to purchase essential emergency rescue and firefighting vehicles and emergency and life support equipment.

GMHA Healthcare Trust and Development Fund - This fund was created by Public Law 32-60 to account for license fees, business privilege tax, and income tax collected from companies involved in gaming to be used by designated public healthcare agencies of GovGuam.

Guam Ancestral Lands Commission (GALC) Operations Fund - This fund was established by Public Law 25-45 for the purpose of accounting for the payment of operational costs associated with the GALC.

Guam Ancestral Lank Bank Fund - This fund was created for the purpose of accounting for all assets and revenues of the Land Bank, which consists of former Spanish Crown Lands and other non-ancestral lands conveyed by the United States federal government to GovGuam. The GALC acts as a developer of the lands with resulting lease rental income used to provide just compensation for those dispossessed landowners whose properties cannot be returned.

See Accompanying Independent Auditors' Report.

Guam Landowner's Recovery Fund - This fund was created for the purpose of accounting for the purpose of granting loans, loan guarantees or grant-in-aid to landowners, or to defer costs or fees for professional services required by those landowners or class of landowners who have ancestral land claims.

Guam Ancestral Lands Commission Survey Infratstructure and Development Fund - this fund was created for the purpose of accounting for the proceeds of lease revenues earned from all leases of Apra Harbor Reservation F-12 and Parcel N14-1 (the Polaris Point parcels) under the jurisdiction of the GALC. This fund shall be used for the surveying and mapping, purchase and installation of infrastructure, including paved access roads and commercial development, of the GALC properties, and for the administrative, operational, and financial support of these efforts.

Guam Cancer Trust Fund - This fund was created to provide financial assistance to organizations that provide patient directed services for the prevention of cancers, its treatment, diagnosis, and other services that *may* be required to access treatment, including, but *not limited to,* off-island transportation and temporary housing.

Guam Charter Schools Fund - This fund was created by Public Law 29-140 to account for all funds received under the Guam Academy Charter Schools Act of 2009.

GCC Capital Improvements Fund - This fund was created by Public Law 31-229 to account for lease rental payments payable pursuant to the lease-back agreement entered into to secure financing for the construction, expansion, renovation, and/or hardening of the Gregorio G. Perez Crime Lab Building, and GCC Building # 100 and # 200.

Guam Environmental Trust Fund - This fund was created through Public Law 21-10. The fund is administered by the Guam Environmental Protection Agency and was created to clean up hazardous materials and to restore and repair damage to the environment. Revenues are generated through collection of a 2% assessment fee on all commercial and industrial liability insurance premiums which will be collected by the Department of Revenue and Taxation.

Guam Plant Inspection and Permit Fund - This fund was created by Public Law 27-29 for the administration, operation, maintenance and improvement of the Plant Inspection Station of the Department of Agriculture.

Guam Invasive Species Inspection Fee Fund - This fund was created by Public Law 31-43 to account for fees collected by the Guam Department of Agriculture for the inspection, quarantine, and eradication of invasive species contained in any freight brought into Guam.

Guam Museum Fund - This fund was created by Public Law 25-69 to account for funds received separate and apart from other funds of the Guam Museum to fund the operations of the Guam Museum Board of Advisors.

Guam Preservation Trust Fund - This fund was created by Public Law 20-151 for the purpose of the preservation of the island's many historical and cultural locations. Revenues are derived from building permit fees assessed to contractors before the issuance of any type of building permit.

Guam Procurement Advisory Council Support Fund - This fund was created by Public Law 31-93 to account for the operations of the Guam Procurement Advisory Council.

See Accompanying Independent Auditors' Report.

Health and Human Services Fund - This fund was created by Public Law 24-174 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement for settlements received from the tobacco industry.

Healthy Futures Fund – This fund was created by Public Law 27-05 to account for 50% of proceeds received on alcoholic beverages excise taxes and all tobacco-related taxes to be expended for health and education programs relating to tobacco and alcohol prevention, cessation, treatment and control, and to improving overall health and well-being.

Health Professional Licensure Fund - This fund was created by Public Law 21-33 to defray the cost of obtaining standardized examination materials and services for the healing arts and cosmetology licensor and the cost of proctoring examination at the testing site.

Health and Security Trust Fund - This fund was created by Public Law 24-174 to account for 50% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be expended for the operations and capital expenditures of the Guam Memorial Hospital Authority.

Host Community Benefits Fund - This fund was created by Public Law 30-165 to recognize the impact on the villages of Inarajan and Ordot as host communities to the Leyon landfill and the Ordot Dump and funded by revenue from tipping fees.

Hotel Occupancy Tax Surplus Fund - This fund was created by Public Law 32-68 to account for hotel occupancy tax collections received by the Tourist Attraction Fund in excess of Bureau of Budget and Management Research revenue estimates.

Indirect Cost Fund - This fund was created by Public Law 29-113 to account for appropriations for the following purposes: (a) training such as Continuing Professional Education Credits, CPE; (b) negotiating and administering GovGuam's indirect cost rate; (c) purchasing of supplies and equipment associated with negotiating and administering GovGuam's indirect cost rate; and (d) automated budget development and maintenance.

Land Acquisition Fund - This fund was created by Public Law 9-170 to account for all costs of acquiring private land for public purposes.

Land Survey Revolving Fund - This fund was created in order to administer the surveying, mapping, and registration of all government-owned properties. Revenues are derived from certain documentary fees and proceeds from leases of government land. Funds are expended after allotments authorizing their expenditure are created by the Bureau of Budget and Management Research.

Limited Gaming Fund - This fund was created by Public Law 26-52 to account for activities under the Gaming Control Act.

Manpower Development Fund - This fund was created by Public Law 18-48 to enhance manpower training programs. The fund receives revenues from registration fees of non-immigrant workers.

Medical Use of Cannabis Fund – This fund was created by Public Law 32-134 to account for activities associated with the legal use of cannabis for medicinal purposes.

See Accompanying Independent Auditors' Report.

Mental Health and Substance Abuse Fund - This fund was created by Public Law 26-68 to account for all proceeds received by the Youth Tobacco Education and Prevention Fund to be expended for youth compliance monitoring and tobacco and drug prevention and education programs.

MHSA Services Fund - This fund was created by Public Law 31-233 to account for proceeds from the collection of any fees by the Department of Mental Health and Substance Abuse.

Notary Public Revolving Fund - This fund was created by Public Law 21-106 to account for revenues received under the Model Notary Law.

Office of the Attorney General Fund - This fund was created to account for collections received by the Office of the Attorney General.

Office of Vital Statistics Revolving Fund - This fund was created by Public Law 31-213 to account for revenues received by the Territorial Registrar, Office of Vital Statistics, within the Department of Public Health and Social Services.

Pesticide Management Fund - This fund was created by Public Law 29-46 to account for fees collected by the Guam Environmental Protection Agency to be used for the purchase of equipment, payment of personnel costs, public outreach, training, contracts, and disposal of confiscated pesticides and devices associated with the Pesticide Enforcement program.

Plant Nursery Revolving Fund - This fund was created by Public Law 26-140 to account for fees collected under the Department of Agriculture's Fee Schedule for plant nursery services and activities.

Police Patrol Vehicle and Equipment Revolving Fund - This fund was created by Public Law 32-205 to account for the collection of vehicle safety inspection fees to be used for the acquisition of vehicles and associated equipment by the Guam Police Department.

Police Services Fund - This fund was created by Public Law 24-23 for the purpose of funding the general operational needs of the Guam Police Department. Revenues are derived mainly from miscellaneous services and fees provided by the department.

Prison Industries Revolving Fund - This fund was created by Public Law 29-94 to account for all revenues collected under the Department of Correction's Prison Industries program that was established as a means for inmates to receive job training and skills development.

Professional Engineers', Architects' and Surveyors' Fund - This fund was created to receive fees from licenses and license renewals and to use those funds to administer and enforce the laws relating to professional engineers, architects and land surveyors.

Public Library System Fund – This fund accounts for the operations of all libraries in the Library System on Guam in accordance with the rules and regulations promulgated by the Library Board.

Public Market Revolving Fund – This fund was created by Public Law 28-68 to account for fees paid by producers or sellers for the use of space at public markets under the control of the Department of Chamorro Affairs.

Public Recreation Services Fund – This fund was created by Public Law 27-106 to account for the maintenance, upgrade and upkeep of all parks and recreational facilities within the jurisdiction of the Department of Parks and Recreation, and the creation and continuance of existing community related programs and activities for the benefit of the island.

See Accompanying Independent Auditors' Report.

Public Transit Fund – This fund was created by Public Law 26-76 under the authority of the Department of Administration to operate Guam's mass transit system.

Rabies Prevention Fund – This fund was created by Public Law 24-216 to maintain, enhance and secure the prevention of rabies on Guam. Revenues are derived from issuance of entry permits for any dog or cat imported into Guam.

Recycling Revolving Fund – This fund was created by Public Law 28-171 to account for recycling fees levied upon the registered owner of a motor vehicle to assist in the recycling and disposal of motor vehicles and other recyclable materials.

Safe Drinking Water Fund – This fund was created to account for fees, monetary charges and other funds collected or received by the Guam Environmental Protection Agency pursuant to the Safe Drinking Water Act to be used for the administration and implementation of the Safe Drinking Water Program; for public education and similar outreach programs; and promotions aimed at increasing awareness of the dangers of using pipes, plumbing fittings or fixtures containing lead over the acceptable limit set by this Act or regulations.

Safe Homes, Safe Streets Fund - This fund was created by Public Law 27-104 to account for public safety and social programs that enforce alcohol regulations, reduce underage drinking, support traffic safety, reduce drug-related violence and abuse, an/or support community-based drug and substance abuse prevention programs at the Guam Police Department, the Guam Public School System, the Department of Public Health and Social Services, the Department of Youth Affairs, the Department of Mental Health & Substance Abuse

Safe Streets Fund - This fund was created by Public Law 22-41 to account for fines collected for certain offenses involving alcohol and controlled substances, convictions involving children, vehicular negligence and homicide, and drinking while driving a motor vehicle. So much of the Fund as is required is appropriated to the Department of Corrections to be used to compensate staff and provide supplies or facilities to house incarcerated persons convicted of misdemeanors and persons convicted of abovementioned offenses.

Section 2718 Fund - This fund was created by Public Law 31-77 to account for all proceeds from rebates paid to and entitled to GovGuam pursuant to Section 2718(b)(1)(A) of the Public Health Services Act, as amended by the Patient Protection and Affordable Care Act (PPACA), Public Law 111-148.

Solid Waste Management Plan - This fund was created by Public Law 25-175 to be administered by the Guam Environmental Protection Agency to deal with solid waste management.

Solid Waste Operations Fund - This fund was created by Public Law 24-272 to provide a financing source for GovGuam's costs and expenses directly related to the closure and post-closure of the solid waste landfill.

Special Assets Forfeiture Fund - This fund was created by Public Law 26-120 to account for property that is forfeited under any local law enforced or administered by the Guam Police Department.

Stray Dog Revolving Fund - This fund was created by Public Law 28-108 to account for the imposition of mandatory fines on owners of impounded dogs.

See Accompanying Independent Auditors' Report.

Street Light Fund - This fund was created by Public Law 27-38 to pay for the installation and operation of public street lights.

Tax Collection Fund - This fund was created by Public Law 27-05. Fifty percent (50%) of the fund is earmarked for the purposes of employing tax technicians, revenue agents, revenue officers, and for other related expenses in order to increase collection of taxes and for the salaries of employees serving as Passport Acceptance Agents. The remaining fifty percent (50%) is to be deposited in the Public School Library Resources Fund.

Territorial Educational Facilities Fund (TEF) - TEF was created by Public Law 22-19 (as amended by Public Law 23-14) to account for all real property tax revenues received by or on behalf of GovGuam. These revenues are used for the debt service payments of the General Obligation Bonds, 1993 Series A and 1995 Series A.

Territorial Highway Fund - This fund was created for the purpose of obtaining proper maintenance and construction of highways and for the implementation of Highway Safety plans, programs and projects. Revenues are derived from Federal grants, certain liquid fuels taxes, vehicle registration fees and local appropriations.

Tourist Attraction Fund - This fund was created to finance the improvement of the physical facilities of Guam's parks and recreation areas. Financing is provided by the imposition of an 11 percent tax on lodging provided to transients.

Truck Enforcement Screening Station Facility Fund - This fund was created by Public Law 33-106 to account for fees collected from the monitoring of size, weight and load limitations and restriction of certain vehicles operating on Guam roads.

Underground Storage Tank Management Fund – This fund was created by Public Law 20-106 to account for collections received under the Underground Storage of Regulated Substances Act.

UOG Capital Improvements Fund – This fund was created by Public Law 26-48 to account for the design, construction and collateral equipment of the College of Business and Public Administration, and for the replacement of the roof of the Fine Arts Building.

Victim/Witness Travelling-Housing Fund – This fund was created by Public Law 30-60 to account for fees received by the Office of the Attorney General for requested statements issued about the disposition of a person’s criminal arrest or criminal case.

Water Protection Fund - This fund was created by Public Law 22-47 to provide funding for the administration and implementation and enforcement of the Water Pollution Control Act and regulations promulgated from said Act, for educational programs and grants for research and development, advertisement promotions, and inspections of facilities to prevent or minimize erosion that contributes to pollution of the waters.

Water Research and Development Fund – This fund was created by Public Law 22-47 to conduct water resource research which will contribute to the effective planning and management of Guam’s underground and surface water, and to the development of programs which promote the best use of these resources.

See Accompanying Independent Auditors’ Report.

Wildlife Conservation Fund - This fund was created to preserve, manage, enhance and protect the Government's wildlife resources and their environment. Revenues are derived principally from the sale of hunting, fishing and harvesting licenses, fees and permits.

Workmen's Compensation Fund - This fund was authorized to be created by Public Law 1-88. Section 37042 of the Government Code of Guam requires a fund sufficient to secure compensation payments under Title XXXIII of the Government Code in respect to employees of GovGuam, its agencies and instrumentalities, including any public corporation. Funds are disbursed upon the order of the Workers Compensation Commission, of which the Director of Labor is the Commissioner.

Youth Tobacco Education and Prevention Fund – This fund was created by Public Law 25-187 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be utilized by the Department of Mental Health and Substance Abuse, for youth compliance monitoring and tobacco and drug prevention and education programs.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	236	265	661	611	266		282	624	669	415	646	105	250
	Accessible Parking	Air Pollution Control	Arts in Public Buildings	Banking and Insurance Enforcement	Board of Accountancy	Capitol District	Carrier Off-duty Services Revolving	Chamorro Land Trust Operations	Chamorro Land Trust Survey and Infrastructure	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection
ASSETS													
Cash and cash equivalents	$ -	$ -	$ -	$ 667,623	$ 1,059,598	$ 135,363	$ -	$ 2,610,948	$ 1,414	$ -	$ -	$ 7,313,457	$ -
Investments	-	-	-	-	752,261	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	-	-	-	-	-	-	3,262	-	-	-
Other	-	-	-	-	47,110	-	-	511,474	1,830	3,600	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	12,534	360,281	192	-	-	293,758	77,905	-	5,911	2,942	39,957	-	4,273
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	340,576	-	-	-
Investments	-	-	-	-	-	-	-	-	-	300,000	-	-	-
Total assets	$ 12,534	$ 360,281	$ 192	$ 667,623	$ 1,858,969	$ 429,121	$ 77,905	$ 3,122,422	$ 9,155	$ 650,380	$ 39,957	$ 7,313,457	$ 4,273
LIABILITIES AND FUND BALANCES (DEFICIT)													
Liabilities:													
Accounts payable	$ -	$ -	$ -	$ -	$ 31,178	$ -	$ -	$ 286	$ 700	$ -	$ -	$ 106,250	$ -
Accrued payroll and other	-	6,340	-	-	-	-	69,828	23,650	-	-	-	80,587	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	22,493	-	-	-	435,475	-	-	-	210,605	-
Unearned revenue	-	-	-	-	-	-	-	556,825	455	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	6,340	-	22,493	31,178	-	69,828	1,016,236	1,155	-	-	397,442	-
Fund balances (deficit):													
Restricted	-	-	-	-	-	429,121	-	-	-	640,576	-	-	-
Committed	12,534	353,941	192	645,130	1,827,791	-	8,077	2,106,186	8,000	9,804	39,957	6,916,015	4,273
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	12,534	353,941	192	645,130	1,827,791	429,121	8,077	2,106,186	8,000	650,380	39,957	6,916,015	4,273
Total liabilities and fund balances (deficit)	$ 12,534	$ 360,281	$ 192	$ 667,623	$ 1,858,969	$ 429,121	$ 77,905	$ 3,122,422	$ 9,155	$ 650,380	$ 39,957	$ 7,313,457	$ 4,273

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	213	272	325	209	267	630	235	246	281	600	642	640	614
	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Equitable Sharing Program	Examiner Off-Duty Services	Government Ethics
ASSETS													
Cash and cash equivalents	$ 736,014	$ -	$ 1,494,143	$ 470,444	$ -	$ 2,938	$ -	$ -	$ 1,120,178	$ 788,584	$ -	$ -	$ 1,008
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from component units	-	-	-	2,215,251	-	-	-	-	-	-	-	-	-
Due from other funds	-	197,359	365	-	256,410	-	1,607,953	23,310	-	-	93,833	-	-
Prepayments	-	-	-	85,350	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 736,014	$ 197,359	$ 1,494,508	$ 2,771,045	$ 256,410	$ 2,938	$ 1,607,953	$ 23,310	$ 1,120,178	$ 788,584	$ 93,833	$ -	$ 1,008
LIABILITIES AND FUND BALANCES (DEFICIT)													
Liabilities:													
Accounts payable	$ -	$ -	$ 169	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	15,347	-	-	355,315	-	-	17,792	-	44,117	33,221	-	897	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	41,473	-	-	1,654,438	-	-	-	-	226,460	101,420	-	28,349	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	210,161	-	-	-	-	-	-	-	-	-	-
Total liabilities	56,820	-	210,330	2,009,753	-	-	17,792	-	270,577	134,641	-	29,246	-
Fund balances (deficit):													
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	679,194	197,359	1,284,178	761,292	256,410	2,938	1,590,161	23,310	849,601	653,943	93,833	-	1,008
Unassigned	-	-	-	-	-	-	-	-	-	-	-	(29,246)	-
Total fund balances (deficit)	679,194	197,359	1,284,178	761,292	256,410	2,938	1,590,161	23,310	849,601	653,943	93,833	(29,246)	1,008
Total liabilities and fund balances (deficit)	$ 736,014	$ 197,359	$ 1,494,508	$ 2,771,045	$ 256,410	$ 2,938	$ 1,607,953	$ 23,310	$ 1,120,178	$ 788,584	$ 93,833	$ -	$ 1,008

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	231	656					641	639	657	245	608	662	244
	GFD Capital Revolving	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Survey Infrastructure and Development	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Invasive Species Inspection Fee	Guam Museum
ASSETS													
Cash and cash equivalents	$ -	$ 614,554	$ 950	$ 8,349,377	$ 7,487	$ 24,918	$ 330	$ 1,502	$ -	$ 473,009	$ 156,482	$ 330,623	$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	65,700	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	1,865	783,036	-	124,183	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	284,107	-	-	-	-	-	-	1,000	-	-	-	-	171,857
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 284,107	$ 680,254	$ 2,815	$ 9,132,413	$ 7,487	$ 149,101	$ 330	$ 2,502	$ -	$ 473,009	$ 156,482	$ 330,623	$ 171,857
LIABILITIES AND FUND BALANCES (DEFICIT)													
Liabilities:													
Accounts payable	$ -	$ -	$ -	$ 23,347	$ -	$ 4,308	$ -	$ 12,945	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-	437	-	8,406	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	144,334	-	-	-	-	345	-	23,244	12,280	2,579	12,521	-
Unearned revenue	-	-	-	532,469	-	94,597	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	75,310	-	-	-	-	-	-	-	-	-
Total liabilities	-	144,334	-	631,126	-	98,905	345	12,945	23,244	12,717	2,579	20,927	-
Fund balances (deficit):													
Restricted	-	-	-	8,501,287	7,487	50,196	-	-	-	-	-	-	-
Committed	284,107	535,920	2,815	-	-	-	-	-	-	460,292	153,903	309,696	171,857
Unassigned	-	-	-	-	-	-	(15)	(10,443)	(23,244)	-	-	-	-
Total fund balances (deficit)	284,107	535,920	2,815	8,501,287	7,487	50,196	(15)	(10,443)	(23,244)	460,292	153,903	309,696	171,857
Total liabilities and fund balances (deficit)	$ 284,107	$ 680,254	$ 2,815	$ 9,132,413	$ 7,487	$ 149,101	$ 330	$ 2,502	$ -	$ 473,009	$ 156,482	$ 330,623	$ 171,857

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	326	651	270	602	241	311	652	658	632	351	222	655	232
	Guam Preservation Trust	Guam Procurement Advisory Council Support	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development
ASSETS													
Cash and cash equivalents	$ 357,161	$ -	$ 340,773	$ 2,349,451	$ 221,671	$ 21,326	$ -	$ 438,677	$ 43	$ 181	$ -	$ 212,352	$ 597,074
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	1,480,144	-	-	-	-	-	-	-	129,814	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	1,931	4,136	7,407,237	-	-	53	1,847,398	-	70	394,631	2,331,083	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 357,161	$ 1,931	$ 344,909	$ 11,236,832	$ 221,671	$ 21,326	$ 53	$ 2,286,075	$ 43	$ 251	$ 394,631	$ 2,673,249	$ 597,074
LIABILITIES AND FUND BALANCES (DEFICIT)													
Liabilities:													
Accounts payable	$ -	$ -	$ -	$ 181,957	$ -	$ -	$ -	$ -	$ 9	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	860,049	-	-	-	-	74,930	-	113,519	-	8,157
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	1,968	-	-	-	18,722	10,907	-	-	194,217	-	-	-	192,745
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	500,348
Total liabilities	1,968	-	-	1,042,006	18,722	10,907	-	-	269,156	-	113,519	-	701,250
Fund balances (deficit):													
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	355,193	1,931	344,909	10,194,826	202,949	10,419	53	2,286,075	-	251	281,112	2,673,249	-
Unassigned	-	-	-	-	-	-	-	-	(269,113)	-	-	-	(104,176)
Total fund balances (deficit)	355,193	1,931	344,909	10,194,826	202,949	10,419	53	2,286,075	(269,113)	251	281,112	2,673,249	(104,176)
Total liabilities and fund balances (deficit)	$ 357,161	$ 1,931	$ 344,909	$ 11,236,832	$ 221,671	$ 21,326	$ 53	$ 2,286,075	$ 43	$ 251	$ 394,631	$ 2,673,249	$ 597,074

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	671	294	653	261	648	650	629	211	663	263	644	215	604
	Medical Use of Cannabis	Mental Health and Substance Abuse	MHSA Services	Notary Public Revolving	Office of Attorney General	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Patrol Vehicle and Equipment Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System
ASSETS													
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ 154,529	$ -	$ -	$ 291,522	$ -	$ -	$ 197,911	$ 268,116
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:													
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	8	-	22,471	179,498	2,409	-	14,692	16,259	-	78,935	1,569	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 8	$ -	$ 22,471	$ 179,498	$ 2,409	$ 154,529	$ 14,692	$ 16,259	$ 291,522	$ 78,935	$ 1,569	$ 197,911	$ 268,116
LIABILITIES AND FUND BALANCES (DEFICIT)													
Liabilities:													
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	3,576	-	-	-	8,402	-	7,668	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	989	-	-	-	16,253	-	-	29,223	-	-	44,769	250,591
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	989	-	-	-	19,829	-	-	29,223	8,402	-	52,437	250,591
Fund balances (deficit):													
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Committed	8	-	22,471	179,498	2,409	134,700	14,692	16,259	262,299	70,533	1,569	145,474	17,525
Unassigned	-	(989)	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	8	(989)	22,471	179,498	2,409	134,700	14,692	16,259	262,299	70,533	1,569	145,474	17,525
Total liabilities and fund balances (deficit)	$ 8	$ -	$ 22,471	$ 179,498	$ 2,409	$ 154,529	$ 14,692	$ 16,259	$ 291,522	$ 78,935	$ 1,569	$ 197,911	$ 268,116

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	666	620	317	285	619	289	601	217	647	284	416	605	625	202
	Public Market Revolving	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving	Safe Drinking Water	Safe Homes Safe Streets	Safe Streets	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light
ASSETS														
Cash and cash equivalents	$ -	$ 57,058	$ -	$ -	$ 952,159	$ -	$ -	$ 33,191	$ -	$ -	$ 7,908,706	$ 560,273	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables, net:														
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	3,128,908	-	-	-
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	28,591	563,365	7,649	200	-	21,480	57,705	-	458,734	1,208	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	8,076,806	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ -	$ 57,058	$ -	$ 28,591	$ 1,515,524	$ 7,649	$ 200	$ 33,191	$ 21,480	$ 57,705	$ 19,114,420	$ 1,019,007	$ 1,208	$ -
LIABILITIES AND FUND BALANCES (DEFICIT)														
Liabilities:														
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,278,921	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	2,299	-	-	-	-	-	102,707	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	4,576	144,942	180,606	-	-	-	-	269,978	-	-	1,588,396	-	-	8,478
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	4,576	144,942	180,606	-	2,299	-	-	269,978	-	-	5,970,024	-	-	8,478
Fund balances (deficit):														
Restricted	-	-	-	-	-	-	-	-	-	-	8,076,806	-	-	-
Committed	-	-	-	28,591	1,513,225	7,649	200	-	21,480	57,705	5,067,590	1,019,007	1,208	-
Unassigned	(4,576)	(87,884)	(180,606)	-	-	-	-	(236,787)	-	-	-	-	-	(8,478)
Total fund balances (deficit)	(4,576)	(87,884)	(180,606)	28,591	1,513,225	7,649	200	(236,787)	21,480	57,705	13,144,396	1,019,007	1,208	(8,478)
Total liabilities and fund balances (deficit)	$ -	$ 57,058	$ -	$ 28,591	$ 1,515,524	$ 7,649	$ 200	$ 33,191	$ 21,480	$ 57,705	$ 19,114,420	$ 1,019,007	$ 1,208	$ -

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	603	205	208	206	257	636	297	637	283	300	203	310	276	
	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Truck Enforcement Screening Station Facility	Under-ground Storage Tank Management	University of Guam Capital Improve-ments	Victim/ Witness Travel-Housing	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
ASSETS														
Cash and cash equivalents	$ -	$ 102,975	$ 885,648	$ -	$ -	$ 105,354	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,187	$ 42,422,282
Investments	-	-	-	3,792,271	-	-	-	-	-	-	-	-	-	4,544,532
Receivables, net:														
Taxes	-	639,569	1,163,115	3,483,270	-	-	-	-	-	-	-	-	-	6,964,874
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	4,602,006
Due from component units	-	-	-	-	-	-	-	-	-	-	-	-	-	2,215,251
Due from other funds	306,863	2,875,404	1,014,276	-	150,780	-	1,086,563	20,110	25,346	45,657	70,298	167,409	-	22,637,965
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-	85,350
Restricted assets:														
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-	8,417,382
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	300,000
Total assets	$ 306,863	$ 3,617,948	$ 3,063,039	$ 7,275,541	$ 150,780	$ 105,354	$ 1,086,563	$ 20,110	$ 25,346	$ 45,657	$ 70,298	$ 167,409	$ 5,187	$ 92,189,642
LIABILITIES AND FUND BALANCES (DEFICIT)														
Liabilities:														
Accounts payable	$ -	$ -	$ 115,511	$ 1,600	$ -	$ -	$ 130,934	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,888,115
Accrued payroll and other	15,284	317,046	668,893	222,864	-	-	-	-	-	2,063	-	-	-	3,063,394
Due to component units	-	-	-	2,039,601	-	-	1,102,349	-	-	-	-	-	-	3,141,950
Due to other funds	-	-	-	5,185,341	-	33,426	-	-	-	-	-	-	-	11,092,143
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	1,184,346
Deposits and other liabilities	-	-	572,606	-	-	-	-	-	-	-	-	-	-	1,358,425
Total liabilities	15,284	317,046	1,357,010	7,449,406	-	33,426	1,233,283	-	-	2,063	-	-	-	24,728,373
Fund balances (deficit):														
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	17,705,473
Committed	291,579	3,300,902	1,706,029	-	150,780	71,928	-	20,110	25,346	43,594	70,298	167,409	5,187	51,031,938
Unassigned	-	-	-	(173,865)	-	-	(146,720)	-	-	-	-	-	-	(1,276,142)
Total fund balances (deficit)	291,579	3,300,902	1,706,029	(173,865)	150,780	71,928	(146,720)	20,110	25,346	43,594	70,298	167,409	5,187	67,461,269
Total liabilities and fund balances (deficit)	$ 306,863	$ 3,617,948	$ 3,063,039	$ 7,275,541	$ 150,780	$ 105,354	$ 1,086,563	$ 20,110	$ 25,346	$ 45,657	$ 70,298	$ 167,409	$ 5,187	$ 92,189,642

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	236	265	661	611	266		282	624	669	415	646	105	250
	Accessible Parking	Air Pollution Control	Arts in Public Buildings	Banking and Insurance Enforcement	Board of Accountancy	Capitol District	Carrier Off-duty Services Revolving	Chamorro Land Trust Operations	Chamorro Land Trust Survey and Infrastructure	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 132,010	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	1,920	149,195	-	459,263	922,935	-	882,959	811,102	18,214	-	5,335	2,782,256	1,000
Charges for services	-	-	-	-	-	258,018	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	464	-	129	-	7,229	-	645	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	2,122,703	-
Other	-	-	-	-	22,556	126,000	-	17,209	23,640	-	-	-	-
Total revenues	1,920	149,195	-	459,727	945,491	384,147	882,959	835,540	41,854	132,655	5,335	4,904,959	1,000
Expenditures by Function:													
Current:													
General government	-	-	-	187,820	839,965	43,557	-	929,855	34,312	-	-	-	-
Protection of life and property	-	-	-	-	-	-	885,548	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	3,656,351	-
Community services	1,667	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	54,934	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	92,473	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	226,727	-	-	-	-	-	-	-
Total expenditures	1,667	54,934	-	187,820	839,965	362,757	885,548	929,855	34,312	-	-	3,656,351	-
Excess (deficiency) of revenues over (under) expenditures	253	94,261	-	271,907	105,526	21,390	(2,589)	(94,315)	7,542	132,655	5,335	1,248,608	1,000
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	253	94,261	-	271,907	105,526	21,390	(2,589)	(94,315)	7,542	132,655	5,335	1,248,608	1,000
Fund balances (deficit) at beginning of year	12,281	259,680	192	373,223	1,722,265	407,731	10,666	2,200,501	458	517,725	34,622	5,667,407	3,273
Fund balances (deficit) at end of year	$ 12,534	$ 353,941	$ 192	$ 645,130	$ 1,827,791	$ 429,121	$ 8,077	$ 2,106,186	$ 8,000	$ 650,380	$ 39,957	$ 6,916,015	$ 4,273

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	213	272	325	209	267	630	235	246	281	600	642	640	614
	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Equitable Sharing Program	Examiner Off-Duty Services	Government Ethics
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	708,979	194,240	20,138	13,515,492	204,090	-	1,255,216	7,955	2,183,716	1,388,902	-	13,200	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	376	-	1,507	519	-	4	-	-	359	66	-	-	6
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	82,321	-	-
Total revenues	709,355	194,240	21,645	13,516,011	204,090	4	1,255,216	7,955	2,184,075	1,388,968	82,321	13,200	6
Expenditures by Function:													
Current:													
General government	501,694	-	-	-	-	-	501,009	-	-	-	-	28,408	-
Protection of life and property	-	-	179,119	12,832,553	-	-	-	-	1,493,307	-	-	-	-
Public health	-	6,705	-	-	-	-	-	-	-	1,124,664	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	501,694	6,705	179,119	12,832,553	-	-	501,009	-	1,493,307	1,124,664	-	28,408	-
Excess (deficiency) of revenues over (under) expenditures	207,661	187,535	(157,474)	683,458	204,090	4	754,207	7,955	690,768	264,304	82,321	(15,208)	6
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	207,661	187,535	(157,474)	683,458	204,090	4	754,207	7,955	690,768	264,304	82,321	(15,208)	6
Fund balances (deficit) at beginning of year	471,533	9,824	1,441,652	77,834	52,320	2,934	835,954	15,355	158,833	389,639	11,512	(14,038)	1,002
Fund balances (deficit) at end of year	$ 679,194	$ 197,359	$ 1,284,178	$ 761,292	$ 256,410	$ 2,938	$ 1,590,161	$ 23,310	$ 849,601	$ 653,943	$ 93,833	$ (29,246)	$ 1,008

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	231	656					641	639	657	245	608	662	244
	GFD Capital Revolving	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Survey Infrastructure and Development	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Invasive Species Inspection Fee	Guam Museum
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	2,406,460	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	853,485	-	-	-	-	-	-	-	-	448,703	96,566	520,410	305,638
Charges for services	-	-	-	670,557	-	58,509	-	-	-	-	-	-	-
Interest and investment earnings	-	84	3	22,204	23	10	-	1	-	503	224	33	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	1,810	2,492,000	5	50	-	-	-	-	-	-	-
Total revenues	853,485	2,406,544	1,813	3,184,761	28	58,569	-	1	-	449,206	96,790	520,443	305,638
Expenditures by Function:													
Current:													
General government	-	-	-	97,332	-	8,373	-	-	-	-	-	-	-
Protection of life and property	843,022	-	-	-	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	1,004,251
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	12,945	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	160,193	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	55,283	286,768	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	278,922	-	-	-	-
Guam Memorial Hospital Authority	-	1,979,454	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	843,022	1,979,454	-	97,332	-	8,373	-	12,945	278,922	160,193	55,283	286,768	1,004,251
Excess (deficiency) of revenues over (under) expenditures	10,463	427,090	1,813	3,087,429	28	50,196	-	(12,944)	(278,922)	289,013	41,507	233,675	(698,613)
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	7,426,907	255,678	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(7,426,907)	-	(44,870)	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	255,678	(44,870)	-	-	-
Net change in fund balances (deficit)	10,463	427,090	1,813	3,087,429	28	50,196	-	(12,944)	(23,244)	244,143	41,507	233,675	(698,613)
Fund balances (deficit) at beginning of year	273,644	108,830	1,002	5,413,858	7,459	-	(15)	2,501	-	216,149	112,396	76,021	870,470
Fund balances (deficit) at end of year	$ 284,107	$ 535,920	$ 2,815	$ 8,501,287	$ 7,487	$ 50,196	$ (15)	$ (10,443)	$ (23,244)	$ 460,292	$ 153,903	$ 309,696	$ 171,857

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	326	651	270	602	241	311	652	658	632	351	222	655	232
	Guam Preservation Trust	Guam Procurement Advisory Council Support	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	28,562,068	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	3,676,775	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	1,733,918	-
Licenses and permits	611,287	-	-	-	246,396	-	-	-	-	-	3,318,233	-	219,118
Charges for services	-	-	-	-	-	-	-	-	1,328,036	-	-	-	-
Interest and investment earnings	148	-	3,807	5,012	34	234	-	36	-	-	-	29	66
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	611,435	-	3,807	32,243,855	246,430	234	-	36	1,328,036	-	3,318,233	1,733,947	219,184
Expenditures by Function:													
Current:													
General government	-	-	-	844,191	-	-	-	-	1,597,149	-	3,083,432	187,136	-
Protection of life and property	-	-	-	104,223	-	-	-	-	-	-	-	-	-
Public health	-	-	-	21,105,368	88,010	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	456,808	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	202,416	176,768
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	347,194	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	146,592
Guam Memorial Hospital Authority	-	-	-	3,064,886	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	475,000	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	1,918,268	-	-	-	-	-
University of Guam	-	-	-	2,786,270	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	169,996	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	475,000	-	-	28,074,934	88,010	-	347,194	1,918,268	1,597,149	-	3,083,432	846,360	323,360
Excess (deficiency) of revenues over (under) expenditures	136,435	-	3,807	4,168,921	158,420	234	(347,194)	(1,918,232)	(269,113)	-	234,801	887,587	(104,176)
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	347,194	-	-	-	-	-	-
Transfers out to other funds	-	-	-	(891,754)	-	-	-	-	-	-	-	(456,389)	-
Total other financing sources (uses), net	-	-	-	(891,754)	-	-	347,194	-	-	-	-	(456,389)	-
Net change in fund balances (deficit)	136,435	-	3,807	3,277,167	158,420	234	-	(1,918,232)	(269,113)	-	234,801	431,198	(104,176)
Fund balances (deficit) at beginning of year	218,758	1,931	341,102	6,917,659	44,529	10,185	53	4,204,307	-	251	46,311	2,242,051	-
Fund balances (deficit) at end of year	$ 355,193	$ 1,931	$ 344,909	$ 10,194,826	$ 202,949	$ 10,419	$ 53	$ 2,286,075	$ (269,113)	$ 251	$ 281,112	$ 2,673,249	$ (104,176)

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	671	294	653	261	648	650	629	211	663	263	644	215	604
	Medical Use of Cannabis	Mental Health and Substance Abuse	MHSA Services	Notary Public Revolving	Office of Attorney General	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Patrol Vehicle and Equipment Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	1	-	17,027	38,575	2,409	254,587	123,163	6,029	320,910	1,020,595	-	292,185	920,550
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	26	-	-	31	-	-	-	86
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1	-	17,027	38,575	2,409	254,613	123,163	6,029	320,941	1,020,595	-	292,185	920,636
Expenditures by Function:													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	-	256,302	-
Protection of life and property	-	-	-	169	-	-	-	-	200,676	1,271,725	-	-	-
Public health	-	-	-	-	-	132,332	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	114,070	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	3,831	-	-	-	-	-
Payments to:													
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	169	-	132,332	114,070	3,831	200,676	1,271,725	-	256,302	-
Excess (deficiency) of revenues over (under) expenditures	1	-	17,027	38,406	2,409	122,281	9,093	2,198	120,265	(251,130)	-	35,883	920,636
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-	(996,946)
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	-	-	-	(996,946)
Net change in fund balances (deficit)	1	-	17,027	38,406	2,409	122,281	9,093	2,198	120,265	(251,130)	-	35,883	(76,310)
Fund balances (deficit) at beginning of year	7	(989)	5,444	141,092	-	12,419	5,599	14,061	142,034	321,663	1,569	109,591	93,835
Fund balances (deficit) at end of year	$ 8	$ (989)	$ 22,471	$ 179,498	$ 2,409	$ 134,700	$ 14,692	$ 16,259	$ 262,299	$ 70,533	$ 1,569	$ 145,474	$ 17,525

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	666	620	317	285	619	289	601	217	647	284	416	605	625	202
	Public Market Revolving	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving	Safe Drinking Water	Safe Homes Safe Streets	Safe Streets	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light
Revenues:														
Taxes:														
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	119,801	-	45,875	2,822,793	2,820	125	24,000	-	13,250	-	399,842	-	4,242,025
Charges for services	-	-	4,744	-	-	-	-	-	-	-	19,324,305	-	-	-
Interest and investment earnings	-	46	-	-	561	-	-	44	1	-	21,233	406	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	119,847	4,744	45,875	2,823,354	2,820	125	24,044	1	13,250	19,345,538	400,248	-	4,242,025
Expenditures by Function:														
Current:														
General government	-	-	-	-	8,000	-	-	-	-	-	1,675,985	-	-	4,291,520
Protection of life and property	-	-	-	-	-	-	-	97,956	-	-	-	80,574	-	-
Public health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	207,731	-	-	-	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	414,305	-	-	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	1,370,390	-	-	-	-	405	23,985,502	-	-	-
Economic development	-	-	-	17,534	-	-	-	-	-	-	-	-	-	-
Payments to:														
Guam Community College	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guam Visitors Bureau	-	-	-	-	-	-	-	-	-	-	-	-	-	-
University of Guam	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous appropriations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:														
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	207,731	414,305	17,534	1,378,390	-	-	97,956	-	405	25,661,487	80,574	-	4,291,520
Excess (deficiency) of revenues over (under) expenditures	-	(87,884)	(409,561)	28,341	1,444,964	2,820	125	(73,912)	1	12,845	(6,315,949)	319,674	-	(49,495)
Other financing sources (uses):														
Transfers in from other funds	-	-	253,891	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(162,875)	-	-	(347,194)	-	-	-
Total other financing sources (uses), net	-	-	253,891	-	-	-	-	(162,875)	-	-	(347,194)	-	-	-
Net change in fund balances (deficit)	-	(87,884)	(155,670)	28,341	1,444,964	2,820	125	(236,787)	1	12,845	(6,663,143)	319,674	-	(49,495)
Fund balances (deficit) at beginning of year	(4,576)	-	(24,936)	250	68,261	4,829	75	-	21,479	44,860	19,807,539	699,333	1,208	41,017
Fund balances (deficit) at end of year	$ (4,576)	$ (87,884)	$ (180,606)	$ 28,591	$ 1,513,225	$ 7,649	$ 200	$ (236,787)	$ 21,480	$ 57,705	$ 13,144,396	$ 1,019,007	$ 1,208	$ (8,478)

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	603 Tax Collection	205 Territorial Educational Facilities	208 Territorial Highway	206 Tourist Attraction	257 Truck Enforcement Screening Station Facility	636 Under-ground Storage Tank Management	297 University of Guam Capital Improve-ments	637 Victim/ Witness Travel-Housing	283 Water Protection	300 Water Research and Development	203 Wildlife Conservation	310 Workman's Compensation	276 Youth Tobacco Education and Prevention	Total
Revenues:														
Taxes:														
Property	$ -	$ 29,800,922	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,932,932
Hotel	-	-	-	43,181,165	-	-	-	-	-	-	-	-	-	43,181,165
Liquid fuel	-	-	13,297,415	-	-	-	-	-	-	-	-	-	-	13,297,415
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-	28,562,068
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	3,676,775
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	4,140,378
Licenses and permits	921,688	-	9,821,893	-	140,040	86,963	-	6,045	88,976	61,650	22,324	171,121	-	54,133,205
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	21,644,169
Interest and investment earnings	-	619	1,370	23,335	-	176	-	-	-	-	-	-	57	91,746
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	2,122,703
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	2,765,591
Total revenues	921,688	29,801,541	23,120,678	43,204,500	140,040	87,139	-	6,045	88,976	61,650	22,324	171,121	57	203,548,147
Expenditures by Function:														
Current:														
General government	795,504	844,929	1,499,680	180,742	-	-	-	-	-	-	-	-	-	18,436,895
Protection of life and property	-	-	1,488,283	3,978,563	-	-	-	-	-	-	-	-	-	23,455,718
Public health	-	-	-	-	-	-	-	-	-	-	-	-	-	26,113,430
Community services	-	-	-	-	-	-	-	-	-	-	-	-	-	1,667
Recreation	-	-	-	3,039,761	-	-	-	-	-	-	-	-	-	3,704,300
Individual and collective rights	-	1,904,187	5,801,201	5,039,748	-	-	-	-	-	-	-	745,647	-	14,874,218
Transportation	-	-	12,744,725	-	-	-	-	-	-	-	-	-	-	13,159,030
Public education	-	6,821,169	-	-	-	-	-	-	-	-	-	-	-	6,834,114
Environmental protection	-	-	-	64,956	-	63,740	-	-	63,904	43,063	-	-	-	26,268,351
Economic development	-	-	-	366,033	-	-	-	-	-	-	8,162	-	-	737,611
Payments to:														
Guam Community College	-	200,000	-	24,154	-	-	-	-	-	-	-	-	-	649,668
Guam Memorial Hospital Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	5,044,340
Guam Preservation Trust	-	-	-	-	-	-	-	-	-	-	-	-	-	475,000
Guam Visitors Bureau	-	-	-	24,785,216	-	-	-	-	-	-	-	-	-	26,703,484
University of Guam	-	250,000	-	200,000	-	-	1,102,349	-	-	-	-	-	-	4,338,619
Miscellaneous appropriations	-	-	36,500	-	-	-	-	-	-	-	-	-	-	206,496
Debt service:														
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	92,473
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	226,727
Total expenditures	795,504	10,020,285	21,570,389	37,679,173	-	63,740	1,102,349	-	63,904	43,063	8,162	745,647	-	171,322,141
Excess (deficiency) of revenues over (under) expenditures	126,184	19,781,256	1,550,289	5,525,327	140,040	23,399	(1,102,349)	6,045	25,072	18,587	14,162	(574,526)	57	32,226,006
Other financing sources (uses):														
Transfers in from other funds	-	-	-	-	-	-	1,052,153	-	-	-	-	741,935	-	10,077,758
Transfers out to other funds	-	(17,093,133)	(1,228,914)	(7,145,927)	-	-	-	-	-	-	-	-	-	(35,794,909)
Total other financing sources (uses), net	-	(17,093,133)	(1,228,914)	(7,145,927)	-	-	1,052,153	-	-	-	-	741,935	-	(25,717,151)
Net change in fund balances (deficit)	126,184	2,688,123	321,375	(1,620,600)	140,040	23,399	(50,196)	6,045	25,072	18,587	14,162	167,409	57	6,508,855
Fund balances (deficit) at beginning of year	165,395	612,779	1,384,654	1,446,735	10,740	48,529	(96,524)	14,065	274	25,007	56,136	-	5,130	60,952,414
Fund balances (deficit) at end of year	$ 291,579	$ 3,300,902	$ 1,706,029	$ (173,865)	$ 150,780	$ 71,928	$ (146,720)	$ 20,110	$ 25,346	$ 43,594	$ 70,298	$ 167,409	$ 5,187	$ 67,461,269

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	236	265	661	611	266		282	624	669	415	646	105	250
	Accessible Parking	Air Pollution Control	Arts in Public Buildings	Banking and Insurance Enforcement	Board of Accountancy	Capitol District	Carrier Off-duty Services Revolving	Chamorro Land Trust Operations	Chamorro Land Trust Survey and Infrastructure	Chamorro Loan Guarantee	Child Care Revolving	Community Health Centers	Consumer Protection
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 132,010	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	1,920	149,195	-	459,263	922,935	-	882,959	811,102	18,214	-	5,335	2,782,256	1,000
Charges for services	-	-	-	-	-	258,018	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	464	-	129	-	7,229	-	645	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	2,122,703	-
Other	-	-	-	-	22,556	126,000	-	17,209	23,640	-	-	-	-
Total revenues	1,920	149,195	-	459,727	945,491	384,147	882,959	835,540	41,854	132,655	5,335	4,904,959	1,000
Expenditures by Object:													
Salaries and wages - regular	-	7,610	-	-	-	-	544,838	470,595	-	-	-	1,947,916	-
Salaries and wages - overtime	-	-	-	-	-	-	307,593	-	-	-	-	22,657	-
Salaries and wages - fringe benefits	-	3,033	-	-	-	-	33,117	171,480	-	-	-	675,760	-
Travel	-	2,291	-	-	-	-	-	-	-	-	-	88,946	-
Contractual services	-	-	-	177,471	328,662	38,500	-	147,807	-	-	-	328,154	-
Building rent	-	32,000	-	-	23,868	-	-	124,390	-	-	-	-	-
Supplies	1,667	-	-	10,349	19,865	-	-	2,421	-	-	-	411,835	-
Equipment	-	-	-	-	5,084	-	-	-	-	-	-	34,956	-
Utilities - power and water	-	10,000	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	34,312	-	-	13,700	-
Payments to component units	-	-	-	-	400,000	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	92,473	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	226,727	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	62,486	5,057	-	13,162	-	-	-	132,427	-
Total expenditures	1,667	54,934	-	187,820	839,965	362,757	885,548	929,855	34,312	-	-	3,656,351	-
Excess (deficiency) of revenues over (under) expenditures	253	94,261	-	271,907	105,526	21,390	(2,589)	(94,315)	7,542	132,655	5,335	1,248,608	1,000
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	253	94,261	-	271,907	105,526	21,390	(2,589)	(94,315)	7,542	132,655	5,335	1,248,608	1,000
Fund balances (deficit) at beginning of year	12,281	259,680	192	373,223	1,722,265	407,731	10,666	2,200,501	458	517,725	34,622	5,667,407	3,273
Fund balances (deficit) at end of year	$ 12,534	$ 353,941	$ 192	$ 645,130	$ 1,827,791	$ 429,121	$ 8,077	$ 2,106,186	$ 8,000	$ 650,380	$ 39,957	$ 6,916,015	$ 4,273

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	213	272	325	209	267	630	235	246	281	600	642	640	614
	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries Compensation	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving	DLM Building Construction	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Equitable Sharing Program	Examiner Off-Duty Services	Government Ethics
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	708,979	194,240	20,138	13,515,492	204,090	-	1,255,216	7,955	2,183,716	1,388,902	-	13,200	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	376	-	1,507	519	-	4	-	-	359	66	-	-	6
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	82,321	-	-
Total revenues	709,355	194,240	21,645	13,516,011	204,090	4	1,255,216	7,955	2,184,075	1,388,968	82,321	13,200	6
Expenditures by Object:													
Salaries and wages - regular	317,252	-	-	6,767,708	-	-	334,945	-	833,534	601,259	-	-	-
Salaries and wages - overtime	-	-	-	189,456	-	-	-	-	35,422	-	-	21,242	-
Salaries and wages - fringe benefits	110,556	-	-	2,328,261	-	-	114,505	-	304,896	216,590	-	7,166	-
Travel	-	-	-	-	-	-	-	-	-	19,699	-	-	-
Contractual services	39,737	-	-	275,632	-	-	23,836	-	54,422	102,787	-	-	-
Building rent	-	-	-	3,081,418	-	-	-	-	-	-	-	-	-
Supplies	9,032	-	130	50,025	-	-	9,817	-	13,342	40,251	-	-	-
Equipment	5,175	6,705	-	-	-	-	-	-	29,539	35,504	-	-	-
Utilities - power and water	13,409	-	-	63,950	-	-	12,424	-	20,561	91,074	-	-	-
Communications	4,347	-	-	30,133	-	-	5,282	-	50,874	17,500	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	150,717	-	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	2,186	-	178,989	45,970	-	-	200	-	-	-	-	-	-
Total expenditures	501,694	6,705	179,119	12,832,553	-	-	501,009	-	1,493,307	1,124,664	-	28,408	-
Excess (deficiency) of revenues over (under) expenditures	207,661	187,535	(157,474)	683,458	204,090	4	754,207	7,955	690,768	264,304	82,321	(15,208)	6
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficit)	207,661	187,535	(157,474)	683,458	204,090	4	754,207	7,955	690,768	264,304	82,321	(15,208)	6
Fund balances (deficit) at beginning of year	471,533	9,824	1,441,652	77,834	52,320	2,934	835,954	15,355	158,833	389,639	11,512	(14,038)	1,002
Fund balances (deficit) at end of year	$ 679,194	$ 197,359	$ 1,284,178	$ 761,292	$ 256,410	$ 2,938	$ 1,590,161	$ 23,310	$ 849,601	$ 653,943	$ 93,833	$ (29,246)	$ 1,008

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	231	656					641	639	657	245	608	662	244
	GFD Capital Revolving	GMHA Healthcare Trust and Development	Guam Ancestral Lands Operations	Guam Ancestral Land Bank	Guam Ancestral Landowners Recovery	Survey Infrastructure and Development	Guam Cancer Trust	Guam Charter Schools	Guam Community College Capital Improvements	Guam Environmental Trust	Guam Plant Inspection and Permit	Guam Invasive Species Inspection Fee	Guam Museum
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	2,406,460	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	853,485	-	-	-	-	-	-	-	-	448,703	96,566	520,410	305,638
Charges for services	-	-	-	670,557	-	58,509	-	-	-	-	-	-	-
Interest and investment earnings	-	84	3	22,204	23	10	-	1	-	503	224	33	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	1,810	2,492,000	5	50	-	-	-	-	-	-	-
Total revenues	853,485	2,406,544	1,813	3,184,761	28	58,569	-	1	-	449,206	96,790	520,443	305,638
Expenditures by Object:													
Salaries and wages - regular	-	-	-	-	-	-	-	-	-	67,107	-	161,436	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-	-	22,413	-	47,665	-
Travel	-	-	-	-	-	-	-	-	-	-	-	3,967	-
Contractual services	149,890	-	-	97,332	-	-	-	-	-	-	2,493	59,477	996,336
Building rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	349,753	-	-	-	-	-	-	-	-	-	3,014	10,375	-
Equipment	156,896	-	-	-	-	-	-	-	-	-	-	3,848	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	52,684	48,619	-	7,915
Communications	-	-	-	-	-	-	-	-	-	17,989	1,157	-	-
Capital outlays	186,483	-	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	-	1,979,454	-	-	-	-	-	-	278,922	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	8,373	-	12,945	-	-	-	-	-
Total expenditures	843,022	1,979,454	-	97,332	-	8,373	-	12,945	278,922	160,193	55,283	286,768	1,004,251
Excess (deficiency) of revenues over (under) expenditures	10,463	427,090	1,813	3,087,429	28	50,196	-	(12,944)	(278,922)	289,013	41,507	233,675	(698,613)
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	7,426,907	255,678	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(7,426,907)	-	(44,870)	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	255,678	(44,870)	-	-	-
Net change in fund balances (deficit)	10,463	427,090	1,813	3,087,429	28	50,196	-	(12,944)	(23,244)	244,143	41,507	233,675	(698,613)
Fund balances (deficit) at beginning of year	273,644	108,830	1,002	5,413,858	7,459	-	(15)	2,501	-	216,149	112,396	76,021	870,470
Fund balances (deficit) at end of year	$ 284,107	$ 535,920	$ 2,815	$ 8,501,287	$ 7,487	$ 50,196	$ (15)	$ (10,443)	$ (23,244)	$ 460,292	$ 153,903	$ 309,696	$ 171,857

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	326	651	270	602	241	311	652	658	632	351	222	655	232
	Guam Preservation Trust	Guam Procurement Advisory Council Support	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Host Community	Hotel Occupancy Tax Surplus	Indirect Cost	Land Acquisition	Land Survey Revolving	Limited Gaming	Manpower Development
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	28,562,068	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	3,676,775	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	1,733,918	-
Licenses and permits	611,287	-	-	-	246,396	-	-	-	-	-	3,318,233	-	219,118
Charges for services	-	-	-	-	-	-	-	-	1,328,036	-	-	-	-
Interest and investment earnings	148	-	3,807	5,012	34	234	-	36	-	-	-	29	66
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	611,435	-	3,807	32,243,855	246,430	234	-	36	1,328,036	-	3,318,233	1,733,947	219,184
Expenditures by Object:													
Salaries and wages - regular	-	-	-	11,471,764	27,091	-	-	-	1,127,464	-	1,926,501	-	114,101
Salaries and wages - overtime	-	-	-	422,585	-	-	-	-	3,626	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	3,978,554	9,679	-	-	-	392,173	-	694,426	-	39,027
Travel	-	-	-	3,913	3,059	-	-	-	9,637	-	-	-	-
Contractual services	-	-	-	5,795,665	10,193	-	-	-	38,954	-	104,882	103,036	9,652
Building rent	-	-	-	-	-	-	-	-	-	-	315,699	-	-
Supplies	-	-	-	119,929	5,586	-	-	-	15,539	-	18,321	34,087	13,988
Equipment	-	-	-	24,540	32,402	-	-	-	-	-	3,488	53,033	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	9,756	-	18,135	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments to component units	475,000	-	-	5,851,156	-	-	-	1,918,268	-	-	-	-	146,592
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	406,828	-	-	347,194	-	-	-	1,980	656,204	-
Total expenditures	475,000	-	-	28,074,934	88,010	-	347,194	1,918,268	1,597,149	-	3,083,432	846,360	323,360
Excess (deficiency) of revenues over (under) expenditures	136,435	-	3,807	4,168,921	158,420	234	(347,194)	(1,918,232)	(269,113)	-	234,801	887,587	(104,176)
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	347,194	-	-	-	-	-	-
Transfers out to other funds	-	-	-	(891,754)	-	-	-	-	-	-	-	(456,389)	-
Total other financing sources (uses), net	-	-	-	(891,754)	-	-	347,194	-	-	-	-	(456,389)	-
Net change in fund balances (deficit)	136,435	-	3,807	3,277,167	158,420	234	-	(1,918,232)	(269,113)	-	234,801	431,198	(104,176)
Fund balances (deficit) at beginning of year	218,758	1,931	341,102	6,917,659	44,529	10,185	53	4,204,307	-	251	46,311	2,242,051	-
Fund balances (deficit) at end of year	$ 355,193	$ 1,931	$ 344,909	$ 10,194,826	$ 202,949	$ 10,419	$ 53	$ 2,286,075	$ (269,113)	$ 251	$ 281,112	$ 2,673,249	$ (104,176)

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	671	294	653	261	648	650	629	211	663	263	644	215	604
	Medical Use of Cannabis	Mental Health and Substance Abuse	MHSA Services	Notary Public Revolving	Office of Attorney General	Office of Vital Statistics Revolving	Pesticide Management	Plant Nursery Revolving	Police Patrol Vehicle and Equipment Revolving	Police Services	Prison Industries Revolving	Professional Engineers', Architects' and Surveyors'	Public Library System
Revenues:													
Taxes:													
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	1	-	17,027	38,575	2,409	254,587	123,163	6,029	320,910	1,020,595	-	292,185	920,550
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	-	-	-	-	-	26	-	-	31	-	-	-	86
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1	-	17,027	38,575	2,409	254,613	123,163	6,029	320,941	1,020,595	-	292,185	920,636
Expenditures by Object:													
Salaries and wages - regular	-	-	-	-	-	52,415	95,038	-	-	113,468	-	145,851	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	29,820	14,015	-	-	44,714	-	50,655	-
Travel	-	-	-	-	-	8,138	5,017	-	-	-	-	-	-
Contractual services	-	-	-	21	-	24,589	-	-	34,857	605,026	-	32,494	-
Building rent	-	-	-	-	-	-	-	-	-	-	-	18,060	-
Supplies	-	-	-	148	-	4,269	-	3,831	118,427	131,590	-	3,913	-
Equipment	-	-	-	-	-	13,021	-	-	900	104,938	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-	-	2,109	-
Capital outlays	-	-	-	-	-	-	-	-	46,492	268,239	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	80	-	-	-	3,750	-	3,220	-
Total expenditures	-	-	-	169	-	132,332	114,070	3,831	200,676	1,271,725	-	256,302	-
Excess (deficiency) of revenues over (under) expenditures	1	-	17,027	38,406	2,409	122,281	9,093	2,198	120,265	(251,130)	-	35,883	920,636
Other financing sources (uses):													
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-	-	-	-	(996,946)
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-	-	-	-	(996,946)
Net change in fund balances (deficit)	1	-	17,027	38,406	2,409	122,281	9,093	2,198	120,265	(251,130)	-	35,883	(76,310)
Fund balances (deficit) at beginning of year	7	(989)	5,444	141,092	-	12,419	5,599	14,061	142,034	321,663	1,569	109,591	93,835
Fund balances (deficit) at end of year	$ 8	$ (989)	$ 22,471	$ 179,498	$ 2,409	$ 134,700	$ 14,692	$ 16,259	$ 262,299	$ 70,533	$ 1,569	$ 145,474	$ 17,525

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	666	620	317	285	619	289	601	217	647	284	416	605	625	202
	Public Market Revolving	Public Recreation Services	Public Transit	Rabies Prevention	Recycling Revolving	Safe Drinking Water	Safe Homes Safe Streets	Safe Streets	Section 2718	Solid Waste Management Plan	Solid Waste Operations	Special Assets Forfeiture	Stray Dog Revolving	Street Light
Revenues:														
Taxes:														
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	119,801	-	45,875	2,822,793	2,820	125	24,000	-	13,250	-	399,842	-	4,242,025
Charges for services	-	-	4,744	-	-	-	-	-	-	-	19,324,305	-	-	-
Interest and investment earnings	-	46	-	-	561	-	-	44	1	-	21,233	406	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	119,847	4,744	45,875	2,823,354	2,820	125	24,044	1	13,250	19,345,538	400,248	-	4,242,025
Expenditures by Object:														
Salaries and wages - regular	-	-	-	-	45,011	-	-	-	-	-	1,355,143	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-	-	65,713	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	14,049	-	-	-	-	-	506,121	-	-	-
Travel	-	-	-	-	-	-	-	-	-	405	-	71,179	-	-
Contractual services	-	47,564	414,305	10,068	1,319,330	-	-	-	-	-	18,706,529	-	-	-
Building rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	45,116	-	7,466	-	-	-	97,956	-	-	652,348	6,055	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	31,186	3,340	-	-
Utilities - power and water	-	115,051	-	-	-	-	-	-	-	-	92,238	-	-	4,291,520
Communications	-	-	-	-	-	-	-	-	-	-	66,255	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-	-	4,060,537	-	-	-
Payments to component units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	125,417	-	-	-
Total expenditures	-	207,731	414,305	17,534	1,378,390	-	-	97,956	-	405	25,661,487	80,574	-	4,291,520
Excess (deficiency) of revenues over (under) expenditures	-	(87,884)	(409,561)	28,341	1,444,964	2,820	125	(73,912)	1	12,845	(6,315,949)	319,674	-	(49,495)
Other financing sources (uses):														
Transfers in from other funds	-	-	253,891	-	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	(162,875)	-	-	(347,194)	-	-	-
Total other financing sources (uses), net	-	-	253,891	-	-	-	-	(162,875)	-	-	(347,194)	-	-	-
Net change in fund balances (deficit)	-	(87,884)	(155,670)	28,341	1,444,964	2,820	125	(236,787)	1	12,845	(6,663,143)	319,674	-	(49,495)
Fund balances (deficit) at beginning of year	(4,576)	-	(24,936)	250	68,261	4,829	75	-	21,479	44,860	19,807,539	699,333	1,208	41,017
Fund balances (deficit) at end of year	$ (4,576)	$ (87,884)	$ (180,606)	$ 28,591	$ 1,513,225	$ 7,649	$ 200	$ (236,787)	$ 21,480	$ 57,705	$ 13,144,396	$ 1,019,007	$ 1,208	$ (8,478)

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficit)

Year Ended September 30, 2018

AS/400 Fund Number	603	205	208	206	257	636	297	637	283	300	203	310	276	
	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Truck Enforcement Screening Station Facility	Under-ground Storage Tank Management	University of Guam Capital Improve-ments	Victim/ Witness Travel-Housing	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:														
Taxes:														
Property	$ -	$ 29,800,922	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 29,932,932
Hotel	-	-	-	43,181,165	-	-	-	-	-	-	-	-	-	43,181,165
Liquid fuel	-	-	13,297,415	-	-	-	-	-	-	-	-	-	-	13,297,415
Tobacco	-	-	-	-	-	-	-	-	-	-	-	-	-	28,562,068
Alcoholic beverages	-	-	-	-	-	-	-	-	-	-	-	-	-	3,676,775
Limited gaming	-	-	-	-	-	-	-	-	-	-	-	-	-	4,140,378
Licenses and permits	921,688	-	9,821,893	-	140,040	86,963	-	6,045	88,976	61,650	22,324	171,121	-	54,133,205
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	21,644,169
Interest and investment earnings	-	619	1,370	23,335	-	176	-	-	-	-	-	-	57	91,746
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-	2,122,703
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	2,765,591
Total revenues	921,688	29,801,541	23,120,678	43,204,500	140,040	87,139	-	6,045	88,976	61,650	22,324	171,121	57	203,548,147
Expenditures by Object:														
Salaries and wages - regular	295,706	5,588,296	9,322,525	5,346,778	-	13,125	-	-	25,478	1,590	-	-	-	49,121,545
Salaries and wages - overtime	-	45,234	187,478	500,823	-	-	-	-	-	-	-	-	-	1,801,829
Salaries and wages - fringe benefits	119,793	2,181,165	4,364,069	1,515,131	-	5,296	-	-	9,426	473	-	-	-	18,004,028
Travel	13,049	-	8,253	25,292	-	9,855	-	-	-	-	3,139	-	-	275,839
Contractual services	266,788	386,210	4,784,590	1,727,079	-	35,464	-	-	-	-	2,273	741,934	-	38,024,039
Building rent	-	6,000	-	351,649	-	-	-	-	24,000	32,000	-	-	-	4,009,084
Supplies	5,329	995,726	825,289	815,299	-	-	-	-	-	-	2,750	-	-	4,854,838
Equipment	-	19,375	36,972	98,076	-	-	-	-	-	-	-	-	-	698,978
Utilities - power and water	-	204,881	1,884,967	1,628,044	-	-	-	-	5,000	9,000	-	-	-	8,551,337
Communications	94,839	39,411	42,547	72,829	-	-	-	-	-	-	-	-	-	473,163
Capital outlays	-	-	105,932	79,140	-	-	-	-	-	-	-	-	-	4,945,552
Payments to component units	-	450,000	-	25,009,370	-	-	1,102,349	-	-	-	-	-	-	37,611,111
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	92,473
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	226,727
Miscellaneous	-	103,987	7,767	509,663	-	-	-	-	-	-	-	3,713	-	2,631,598
Total expenditures	795,504	10,020,285	21,570,389	37,679,173	-	63,740	1,102,349	-	63,904	43,063	8,162	745,647	-	171,322,141
Excess (deficiency) of revenues over (under) expenditures	126,184	19,781,256	1,550,289	5,525,327	140,040	23,399	(1,102,349)	6,045	25,072	18,587	14,162	(574,526)	57	32,226,006
Other financing sources (uses):														
Transfers in from other funds	-	-	-	-	-	-	1,052,153	-	-	-	-	741,935	-	10,077,758
Transfers out to other funds	-	(17,093,133)	(1,228,914)	(7,145,927)	-	-	-	-	-	-	-	-	-	(35,794,909)
Total other financing sources (uses), net	-	(17,093,133)	(1,228,914)	(7,145,927)	-	-	1,052,153	-	-	-	-	741,935	-	(25,717,151)
Net change in fund balances (deficit)	126,184	2,688,123	321,375	(1,620,600)	140,040	23,399	(50,196)	6,045	25,072	18,587	14,162	167,409	57	6,508,855
Fund balances (deficit) at beginning of year	165,395	612,779	1,384,654	1,446,735	10,740	48,529	(96,524)	14,065	274	25,007	56,136	-	5,130	60,952,414
Fund balances (deficit) at end of year	$ 291,579	$ 3,300,902	$ 1,706,029	$ (173,865)	$ 150,780	$ 71,928	$ (146,720)	$ 20,110	$ 25,346	$ 43,594	$ 70,298	$ 167,409	$ 5,187	$ 67,461,269

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds
September 30, 2018

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A brief discussion of GovGuam's nonmajor governmental funds - capital projects funds as of September 30, 2018, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for the construction of highway improvement projects from Limited Obligation Highway Improvement bond proceeds.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for the construction of capital improvement projects from Limited Obligation Infrastructure Improvement bond proceeds.

Layon Landfill Fund – This fund is used to account for bond proceeds issued by GovGuam for the purpose of financing facilities of the Solid Waste Management System of Guam.

Judicial Building Fund – This fund is used to account for the construction of miscellaneous capital improvements of the Superior Court of Guam and to redeem loan principal and to pay loan interest as such becomes due.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2018

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	254 Layon Landfill	Judicial Building	Total
ASSETS:					
Cash and cash equivalents	$ -	$ -	$ -	$ 1,570,016	$ 1,570,016
Due from other funds	175,899	-	-	-	175,899
Deposits and other assets	-	-	-	1,118	1,118
Restricted assets:					
Cash and cash equivalents	-	-	22,096	-	22,096
Investments	-	10,149,612	-	902,104	11,051,716
Total assets	$ 175,899	$ 10,149,612	$ 22,096	$ 2,473,238	$ 12,820,845
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ -	$ 1,303,197	$ -	$ 33,983	$ 1,337,180
Due to other funds	-	348,334	21,796	2,238,709	2,608,839
Total liabilities	-	1,651,531	21,796	2,272,692	3,946,019
Fund balances:					
Restricted	-	8,498,081	300	902,104	9,400,485
Unassigned	175,899	-	-	(701,558)	(525,659)
	175,899	8,498,081	300	200,546	8,874,826
Total liabilities and fund balances	$ 175,899	$ 10,149,612	$ 22,096	$ 2,473,238	$ 12,820,845

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Govenmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
Year Ended September 30, 2018

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	254 Layon Landfill	Judicial Building	Total
Revenues:					
Licenses and permits	$ -	$ -	$ -	$ 857,931	$ 857,931
Fines and forfeits	-	-	-	603,383	603,383
Interest and investment earnings	-	(7,460)	300	-	(7,160)
Total revenues	-	(7,460)	300	1,461,314	1,454,154
Expenditures by function:					
Current:					
Individual and collective rights	-	-	-	743,732	743,732
Capital projects	-	3,479,723	-	-	3,479,723
Debt service:					
Principal retirement	-	-	-	680,901	680,901
Interest and fiscal charges	-	-	-	312,104	312,104
Total expenditures	-	3,479,723	-	1,736,737	5,216,460
Net change in fund balances	-	(3,487,183)	300	(275,423)	(3,762,306)
Fund balances at beginning of year	175,899	11,985,264	-	475,969	12,637,132
Fund balances at end of year	$ 175,899	$ 8,498,081	$ 300	$ 200,546	$ 8,874,826

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Govenmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
Year Ended September 30, 2018

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	254 Layon Landfill	Judicial Building	Total
Revenues:					
Licenses and permits	$ -	$ -	$ -	$ 857,931	$ 857,931
Fines and forfeits	-	-	-	603,383	603,383
Interest and investment earnings	-	(7,460)	300	-	(7,160)
Total revenues	-	(7,460)	300	1,461,314	1,454,154
Expenditures by object:					
Contractual services	-	974,255	-	47,388	1,021,643
Building rent	-	-	-	510,183	510,183
Equipment	-	-	-	62,508	62,508
Capital outlays	-	2,505,468	-	93,536	2,599,004
Principal retirement	-	-	-	680,901	680,901
Interest and fiscal charges	-	-	-	312,104	312,104
Miscellaneous	-	-	-	30,117	30,117
Total expenditures	-	3,479,723	-	1,736,737	5,216,460
Net change in fund balances	-	(3,487,183)	300	(275,423)	(3,762,306)
Fund balances at beginning of year	175,899	11,985,264	-	475,969	12,637,132
Fund balances at end of year	$ 175,899	$ 8,498,081	$ 300	$ 200,546	$ 8,874,826

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
September 30, 2018

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment. A brief discussion of GovGuam's nonmajor governmental funds - debt service funds as of September 30, 2018, follows:

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Infrastructure Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Pension Trusts
September 30, 2018

Pension trusts are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and defined contribution plans. A brief discussion of GovGuam's fiduciary funds - pension trusts as of September 30, 2018, follows:

Defined Benefits Plan - GovGuam participates in the GovGuam Defined Benefit (DB) Plan, a single-employer defined benefit pension plan administered by the GovGuam Retirement Fund (GGRF). The DB Plan provides retirement, disability, and survivor benefits to plan members who enrolled in the plan prior to October 1, 1995.

Defined Contributions Plan - All employees of GovGuam, including employees of GovGuam public corporations, whose employment commences on or after October 1, 1995, are required to participate in the Defined Contribution Retirement System (DCRS) administered by GGRF.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension Trusts
September 30, 2018

	Defined Benefit	Defined Contribution	Total
ASSETS			
Cash and cash equivalents	$ 4,803,854	$ 3,936,893	$ 8,740,747
Investments at fair value:			
Common stocks	1,363,025,724	-	1,363,025,724
U.S. Government securities	207,209,221	-	207,209,221
Corporate bonds and notes	341,684,213	-	341,684,213
Money market funds	26,130,425	-	26,130,425
Mutual funds	73,297,212	340,071,663	413,368,875
DC plan forfeitures	-	6,495,957	6,495,957
Total investments	2,011,346,795	346,567,620	2,357,914,415
Accounts receivable:			
Employer contributions, net	7,608,850	573,756	8,182,606
Member contributions	1,699,660	572,275	2,271,935
Interest and penalties on contributions	202,039	-	202,039
Accrued investment income	5,882,874	-	5,882,874
Due from brokers for unsettled trades	4,096,366	-	4,096,366
Service credits	3,185,369	-	3,185,369
Supplemental/Insurance benefits advanced	1,996,097	-	1,996,097
Other	632,643	133,399	766,042
Due from DC plan	726,713	-	726,713
Total receivables	26,030,611	1,279,430	27,310,041
Capital assets	651,708	14,948	666,656
Total assets	2,042,832,968	351,798,891	2,394,631,859
DEFERRED OUTFLOWS OF RESOURCES			
Deferred supplemental COLA payments	20,456,178	-	20,456,178
Deferred outflows of resources from pensions	635,543	156,007	791,550
Deferred outflows of resources from OPEB	835,567	-	835,567
Total deferred outflows of resources	21,927,288	156,007	22,083,295
LIABILITIES			
Unearned revenue	3,444,429	-	3,444,429
Accounts payable and accrued expenses	3,579,149	786,032	4,365,181
Due to DB plan	-	726,713	726,713
Due to brokers for unsettled trades	6,908,827	-	6,908,827
Net pension liability	5,281,342	379,377	5,660,719
OPEB liability	11,237,415	-	11,237,415
Total liabilities	30,451,162	1,892,122	32,343,284
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	211,970	74,644	286,614
Deferred inflows of resources from OPEB	1,218,849	-	1,218,849
Total deferred inflows of resources	1,430,819	74,644	1,505,463
NET POSITION			
Restricted for:			
Employees' pension benefits	$ 2,032,878,275	$ 349,988,132	$ 2,382,866,407

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2018

	Defined Benefit	Defined Contribution	Total
Additions:			
Contributions:			
Employer	$ 127,072,864	$ 15,917,364	$ 142,990,228
Member	28,895,275	15,824,443	44,719,718
Total contributions	155,968,139	31,741,807	187,709,946
Net investment income:			
Net increase in fair value of investments	70,558,548	18,863,481	89,422,029
Interest	24,644,319	24,667,894	49,312,213
Dividends	14,442,841	-	14,442,841
Other	410,460	584,959	995,419
Total investment income	110,056,168	44,116,334	154,172,502
Less: investment expenses	5,574,493	124,098	5,698,591
Net investment income	104,481,675	43,992,236	148,473,911
Transfers in from DC Plan to DB 1.75 Plan	229,076,137	-	229,076,137
Total additions	489,525,951	75,734,043	565,259,994
Deductions:			
Benefits	219,043,804	-	219,043,804
Refunds	1,793,906	31,159,183	32,953,089
Interest on refunded contributions	516,037	-	516,037
Administrative and general expenses	4,143,251	2,076,658	6,219,909
Transfers out to DB 1.75 Plan from DC Plan	-	229,076,137	229,076,137
Total deductions	225,496,998	262,311,978	487,808,976
Change in net position held in trust for employees' pension benefits	264,028,953	(186,577,935)	77,451,018
Net position at beginning of year, as previously reported	1,779,776,849	536,566,067	2,316,342,916
Implementation of GASB Statement No. 75	(10,927,527)	-	(10,927,527)
Net position at beginning of year, as restated	1,768,849,322	536,566,067	2,305,415,389
Net position at end of year	$ 2,032,878,275	$ 349,988,132	$ 2,382,866,407

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
September 30, 2018

Private purpose trusts are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations, or other governments. A brief discussion of GovGuam's fiduciary funds - private purpose trusts as of September 30, 2018, follows:

Trust Fund - this fund was established to account for judgments compelling individuals to award payments arising from various civil and criminal cases.

Traffic Court Trust Fund - this fund was established to account for deposits made by accused traffic offenders who are contesting charges against them.

Guardianship Trust Fund - this fund was established by Public Law 25-103 to account for the financial affairs of individuals for whom the Court has been petitioned to act as a guardian.

Land Condemnation Trust Fund - this fund was established as an escrow account for governmental land acquisitions.

Jury Trust Fund - this fund was established by Public Law 19-28 to account for funds awarded and to be awarded to citizens who serve on juries. Funding is derived from local appropriations.

Judicial Client Service Trust Fund - this fund was established by Public Law 27-55 to account for funds collected for: (i) the appointment of Counsel of Indigent Defendants including, but not limited to, attorney fees, investigator fees, interpreter fees, expert fees, jury fees, and any other related expenses approved by the Superior Court of Guam or the Supreme Court of Guam; (ii) Law Enforcement Escort Costs; and (iii) operations of Erica's House.

Safe Streets Trust Fund - this fund was established by Public Law 34-107 to account for the operations of the Driving While Intoxicated Court program.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Fiduciary Net Position
September 30, 2018

	20	21	22	23	24	25	26			
	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Safe Streets Trust	Combined Total	Eliminating Entries	Total
ASSETS:										
Cash and cash equivalents	$ 9,121,396	$ 9,300	$ 1,645,552	$ 1,521,306	$ 444,953	$ 2,882,571	$ -	$ 15,625,078	$ -	$ 15,625,078
Time certificates of deposit	1,000,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Due from other funds	-	704	-	66	-	-	226,868	227,638	(227,638)	-
Total assets	10,121,396	10,004	1,645,552	1,521,372	444,953	2,882,571	226,868	16,852,716	(227,638)	16,625,078
LIABILITIES										
Due to other funds	1,402,378	-	45,313	-	362,559	527,234	-	2,337,484	(227,638)	2,109,846
Deposits and other liabilities	8,719,018	10,004	1,600,239	1,521,372	68,006	188,094	180,318	12,287,051	-	12,287,051
Total liabilities	10,121,396	10,004	1,645,552	1,521,372	430,565	715,328	180,318	14,624,535	(227,638)	14,396,897
NET POSITION										
Restricted for:										
Individuals, organizations, and other governments	$ -	$ -	$ -	$ -	$ 14,388	$ 2,167,243	$ 46,550	$ 2,228,181	$ -	$ 2,228,181

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Private Purpose Trusts
Combining Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2018

	20	21	22	23	24	25	26			
	Trust	Traffic Court Trust	Guardianship Trust	Land Condemnation Trust	Jury Trust	Judicial Client Service Trust	Safe Streets Trust	Combined Total	Eliminating Entries	Total
Additions:										
Use of money and property	$ -	$ -	$ -	$ -	$ 335	$ 1,872,315	$ 198,252	$ 2,070,902	$ -	$ 2,070,902
Transfers in from other funds	-	-	-	-	442,465	-	162,875	605,340	(442,465)	162,875
Total additions	-	-	-	-	442,800	1,872,315	361,127	2,676,242	(442,465)	2,233,777
Deductions:										
Individual and collective rights	-	-	-	-	442,465	1,338,881	314,577	2,095,923	-	2,095,923
Transfers out to other funds	-	-	-	-	-	1,314,992	-	1,314,992	(442,465)	872,527
Total deductions	-	-	-	-	442,465	2,653,873	314,577	3,410,915	(442,465)	2,968,450
Change in net position held in trust for individuals, organizations, and other governments	-	-	-	-	335	(781,558)	46,550	(734,673)	-	(734,673)
Net position at beginning of year	-	-	-	-	14,053	2,948,801	-	2,962,854	-	2,962,854
Net position at end of year	$ -	$ -	$ -	$ -	$ 14,388	$ 2,167,243	$ 46,550	$ 2,228,181	$ -	$ 2,228,181

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds - Agency
September 30, 2018

Agency funds are used to report resources held by GovGuam in a purely custodial capacity (assets equal liabilities).

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency
September 30, 2018

	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
ASSETS				
Deposits and other assets	$ 17,517,256	$ -	$ (4,199,390)	$ 13,317,866
Total assets	$ 17,517,256	$ -	$ (4,199,390)	$ 13,317,866
LIABILITIES				
Deposits and other liabilities	$ 17,517,256	$ -	$ (4,199,390)	$ 13,317,866
Total liabilities	$ 17,517,256	$ -	$ (4,199,390)	$ 13,317,866

See Accompanying Independent Auditors' Report.

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. Generally accepted accounting principles are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net position, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2018, follows:

Guam Housing Corporation (GHC) - GHC was organized under the authority of Public Law 8-80 to promote the general welfare of GovGuam by encouraging investment in and development of low-cost housing. GHC provides for its operating needs by charging points on its low cost loans. Interest rates are determined by its Board of Directors. GovGuam has the ability to impose its will on GHC.

Guam Economic Development Authority (GEDA) - GEDA was created to assist in the implementation of an integrated program for the economic development of Guam. Enabling legislation set forth several specific purposes for the establishment of GEDA to include:

a) Aiding private enterprise without competing with it;
b) Expansion of the money supply to finance housing facilities; and
c) Providing the means necessary for acquisition of hospital facilities.

To accomplish the stated purposes, GEDA is authorized to conduct research of, invest in, provide loans to, operate and provide technical assistance to industries and/or agricultural projects; issue revenue bonds; obtain Government of Guam land; purchase mortgages; and recommend to the Governor of Guam businesses qualifying for tax rebates and abatements. GEDA utilizes certain Trust Funds, such as the Guam Development Fund Act and the Agricultural Development Fund to accomplish certain of the stated purposes.

Guam Preservation Trust (GPT) - This fund was created by Public Law 20-151 to establish a program for historic preservation at all levels of government and to promote the use and conservation of such preservations for education, inspiration, pleasure and enrichment of the residents of the Territory. GovGuam has the ability to impose its will on GPT.

Guam Visitors Bureau (GVB) - GVB is a public corporation created for the purpose of promoting the visitor industry in Guam. Funding is provided from transfers of appropriations from the Tourist Attraction Fund and interest income. GovGuam provides financial support to GVB through legislative appropriations.

Guam Educational Telecommunications Corporation (GETC) - GETC, also known as KGTF-TV, was created as a public corporation by Public Law 12-194, as approved on January 2, 1975. The law sets forth the purpose of the Corporation to present educational television to the people of Guam and involve the people of Guam in its activities to the maximum extent possible. Funding is primarily derived from appropriations from the General Fund, community service grants and contributions from the public. GovGuam provides financial support to GETC through legislative appropriations.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Position
September 30, 2018

	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
ASSETS						
Cash and cash equivalents	$ 4,729,101	$ 9,946,377	$ 765,712	$ 13,885,027	$ 124,395	$ 29,450,612
Investments	-	7,219,250	1,212,885	2,567,898	-	11,000,033
Receivables, net	28,213,486	228,423	122,889	702,717	13,587	29,281,102
Due from primary government	-	-	-	2,039,601	-	2,039,601
Inventories	-	7,706	-	-	-	7,706
Prepayments	73,714	2,801	-	18,725	-	95,240
Deposits and other assets	477,450	25,256	-	133,230	-	635,936
Restricted assets:						
Cash and cash equivalents	2,971,478	4,434,923	-	2,056,308	-	9,462,709
Investments	2,251,317	-	-	-	-	2,251,317
Capital assets:						
Nondepreciable capital assets	2,934,227	-	10,223,748	5,992,415	18,000	19,168,390
Capital assets, net of accumulated depreciation	3,281,812	428,689	59,111	486,112	1,628,034	5,883,758
Total assets	44,932,585	22,293,425	12,384,345	27,882,033	1,784,016	109,276,404
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows from pensions	449,481	584,353	-	642,778	95,329	1,771,941
Deferred outflows from OPEB	998,858	598,001	-	620,916	201,917	2,419,692
Total deferred outflows of resources	1,448,339	1,182,354	-	1,263,694	297,246	4,191,633
LIABILITIES						
Accounts payable	280,165	1,249,624	28,825	3,753,405	2,631	5,314,650
Accrued interest payable	17,202	439,738	-	-	-	456,940
Accrued payroll and other	-	322,917	-	-	11,376	334,293
Unearned revenue	150,132	100,523	-	44,300	82,269	377,224
Deposits and other liabilities	898,916	95,732	8,000	-	-	1,002,648
Long-term liabilities:						
Due within one year	311,913	1,200,000	7,706	154,718	13,592	1,687,929
Due in more than one year	18,317,453	38,142,922	37,940	10,260,004	3,069,664	69,827,983
Total liabilities	19,975,781	41,551,456	82,471	14,212,427	3,179,532	79,001,667
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from pensions	209,703	258,850	-	239,149	55,350	763,052
Deferred inflows from OPEB	1,298,390	332,090	-	486,129	213,792	2,330,401
Total deferred inflows of resources	1,508,093	590,940	-	725,278	269,142	3,093,453
NET POSITION						
Net investment in capital assets	6,216,039	428,689	374,159	6,478,527	1,646,034	15,143,448
Restricted:						
Other purposes	3,903,672	15,779,056	9,908,700	2,292,927	-	31,884,355
Unrestricted (deficit)	14,777,339	(34,874,362)	2,019,015	5,436,568	(3,013,446)	(15,654,886)
Total net position	$ 24,897,050	$ (18,666,617)	$ 12,301,874	$ 14,208,022	$ (1,367,412)	$ 31,372,917

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Position
Year Ended September 30, 2018

	Guam Housing Corporation	Guam Economic Development Authority	Guam Preservation Trust	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Expenses	$ 3,011,805	$ 4,896,537	$ 1,141,355	$ 27,772,590	$ 1,400,569	$ 38,222,856
Program revenues:						
Charges for services	2,407,163	3,506,022	611,435	2,272,218	352,540	9,149,378
Operating grants and contributions	-	-	109,600	-	604,323	713,923
Total program revenues	2,407,163	3,506,022	721,035	2,272,218	956,863	9,863,301
Net program revenues (expenses)	(604,642)	(1,390,515)	(420,320)	(25,500,372)	(443,706)	(28,359,555)
General revenues:						
Payments from GovGuam	-	-	-	26,993,484	574,578	27,568,062
Investment earnings	35,341	389,525	84,199	48,426	401	557,892
Other	-	210,669	-	181,216	-	391,885
Total general revenues	35,341	600,194	84,199	27,223,126	574,979	28,517,839
Change in net position	(569,301)	(790,321)	(336,121)	1,722,754	131,273	158,284
Net position at beginning of year, as previously reported	36,425,898	(14,500,595)	12,637,995	17,607,185	822,749	52,993,232
Implementation of GASB Statement No. 75	(10,959,547)	(3,375,701)	-	(5,121,917)	(2,321,434)	(21,778,599)
Net position at beginning of year, as restated	25,466,351	(17,876,296)	12,637,995	12,485,268	(1,498,685)	31,214,633
Net position at the end of the year	$ 24,897,050	$ (18,666,617)	$ 12,301,874	$ 14,208,022	$ (1,367,412)	$ 31,372,917

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Other Information
September 30, 2018

A brief discussion of other information presented for additional analysis as of September 30, 2018, follows:

Combining Schedule of Expenditures By Object:
- All Governmental Funds

Schedule of Outstanding Debt:
- Primary Government
- Component Units

Schedule of Personnel Count:
- Primary Government

Schedule of Continuing Appropriations:
- Primary Government

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2018

		Special Revenue		Permanent		
	General	Federal Grants Assistance	GDOE Federal Grants	Chamorro Lands	Other Governmental Funds	Total
Expenditures by Object:						
Salaries and wages:						
Regular	$ 250,961,998	$ 27,798,554	$ 22,642,589	$ -	$ 49,121,545	$ 350,524,686
Overtime	10,033,260	373,177	-	-	1,801,829	12,208,266
Fringe benefits	86,187,026	9,764,200	8,079,465	-	18,004,028	122,034,719
Travel	1,073,059	2,273,538	825,809	-	275,839	4,448,245
Contractual services	43,696,490	46,588,280	20,519,250	-	39,045,682	149,849,702
Building rent	5,898,195	2,256,565	-	-	4,519,267	12,674,027
Supplies	3,070,134	1,753,885	3,734,451	-	4,854,838	13,413,308
Equipment	1,296,624	714,836	3,076,517	-	761,486	5,849,463
Utilities - power and water	21,687,801	1,603,775	-	-	8,551,337	31,842,913
Communications	1,727,409	312,870	-	-	473,163	2,513,442
Capital outlays	4,471,533	2,506,972	57,290	-	7,544,556	14,580,351
Grants and subsidies	76,490,222	107,977,550	-	-	37,611,111	222,078,883
Supplemental annuity benefits	22,776,000	-	-	-	-	22,776,000
Retiree healthcare benefits	37,631,316	-	-	-	-	37,631,316
Principal retirement	24,839,147	-	3,935,000	-	2,883,374	31,657,521
Interest and fiscal charges	65,320,600	-	3,690,900	-	5,424,606	74,436,106
Miscellaneous	26,643,425	135,005,478	975,245	-	2,661,715	165,285,863
	$ 683,804,239	$ 338,929,680	$ 67,536,516	$ -	$ 183,534,376	$ 1,273,804,811

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Outstanding Debt
September 30, 2018

	Outstanding Principal Amount	Fiscal Year 2019 Debt Service			Final Maturity (Year Ending September 30)
		Principal	Interest	Total	
Primary Government:					
General Obligation Bonds:					
2009 Series A	$ 10,445,000	$ 5,070,000	$ 474,600	$ 5,544,600	2020
Limited Obligation Bonds:					
2011 Series A Hotel Tax Revenue Bonds	77,585,000	2,220,000	4,774,750	6,994,750	2041
2011 Series A Business Privilege Tax Revenue Bonds	225,755,000	4,965,000	11,386,387	16,351,387	2042
2012 Series B Business Privilege Tax Revenue Bonds	104,025,000	2,450,000	5,057,320	7,507,320	2042
2013 Series C Business Privilege Tax Revenue Bonds	4,675,000	4,675,000	116,875	4,791,875	2019
2015 Series D Business Privilege Tax Revenue Bonds	408,405,000	1,790,000	20,116,550	21,906,550	2040
2016 Series A Section 30 Bonds	232,595,000	5,410,000	11,494,500	16,904,500	2047
Other Loans Payable:					
2006 and 2014 Bank loans	9,583,944	5,795,189	630,944	6,426,133	2019/2020
	1,073,068,944	32,375,189	54,051,926	86,427,115	
Component Units:					
Antonio B. Won Pat International Airport Authority:					
2012 Bank loan	7,185,031	1,185,279	382,221	1,567,500	2024
2013 Series A, B and C Revenue Bonds	204,705,000	12,010,000	11,568,250	23,578,250	2044
Guam Community College:					
Rural development loan	3,178,940	53,752	99,968	153,720	2053
Guam Housing and Urban Renewal Authority:					
Rural development loan	966,317	70,000	56,480	126,480	2030
Guam Power Authority:					
2012 Series A Revenue Bonds	339,360,000	120,000	16,963,800	17,083,800	2035
2014 Series A Revenue Bonds	75,160,000	1,375,000	3,673,689	5,048,689	2045
2017 Series A Revenue Bonds	148,670,000	135,000	7,429,450	7,564,450	2041
Guam Waterworks Authority:					
2010 Series A Revenue Bonds	3,695,000	1,800,000	184,750	1,984,750	2020
2010 Bank loan	5,529,024	3,203,870	216,130	3,420,000	2020
2013 Series A Revenue Bonds	172,630,000	-	9,331,688	9,331,688	2043
2014 Series A and B Revenue Bonds	72,520,000	3,620,000	3,588,477	7,208,477	2035
2016 Series A Revenue Bonds	143,310,000	-	7,165,500	7,165,500	2046
2017 Series A Revenue Bonds	107,660,000	295,000	5,383,000	5,678,000	2040
Port Authority of Guam:					
2018 Series A Revenue Bonds	71,445,000	1,320,000	3,349,829	4,669,829	2048
University of Guam:					
Rural development loan	11,067,561	264,171	485,889	750,060	2043
Guam Housing Corporation:					
1998 Series A Mortgage-Backed Revenue Bonds	3,715,000	220,000	203,835	423,835	2031
Guam Economic Development Authority:					
2007 Series A and B Tobacco Settlement Revenue Bonds	40,753,618	1,200,000	805,219	2,005,219	2034
	1,411,550,491	26,872,072	70,888,175	97,760,247	
	$ 2,484,619,435	$ 59,247,261	$ 124,940,101	$ 184,187,362	

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Personnel Count - Primary Government
Year Ended September 30, 2018

Fund	DEPT	DESCRIPTION	NO. OF EMP	AMOUNT
100	02	Office of I Maga'lahen Guahan	79	5,682,256
100	03	Office of I Segundu Na Maga'lahen Guahan	12	1,009,442
100	04	Bureau of Budget and Management Research	15	993,801
100	05	Civil Service Commission	9	663,707
100	06	Department of Administration	106	7,107,863
100	07	Guam Election Commission	17	961,924
100	08	Department of Revenue and Taxation	160	9,123,951
100	09	Bureau of Statistics and Plans	18	1,165,734
100	11	Office of the Attorney General	145	10,758,447
100	12	Guam Police Department	288	24,327,198
100	13	Department of Corrections	201	18,175,314
100	16	Department of Agriculture	46	2,619,507
100	17	Department of Public Health and Social Services	56	3,701,279
100	20	Department of Youth Affairs	79	4,845,063
100	23	Department of Mental Health and Substance Abuse	0	10,688
100	24	Department of Labor	13	1,296,657
100	25	Department of Parks and Recreation	3	270,871
100	26	Department of Integrated Services for Individuals with Dis	5	330,840
100	28	Mayors' Council of Guam	93	1,076
100	29	Department of Land Management	1	58,444
100	30	Chief Medical Examiner	3	389,123
100	36	Department of Chamorro Affairs	0	4,839
100	37	Department of Military Affairs	2	148,703
100	42	Guam Fire Department	243	30,376,993
100	59	Office of the Public Auditor	17	1,193,964
100	AA	Miscellaneous	0	(15,684)
101 Total			**1611**	**125,202,002**
101	02	Office of I Maga'lahen Guahan	33	2,013,527
101	08	Department of Revenue and Taxation	5	265,432
101	09	Bureau of Statistics and Plans	14	1,037,410
101	10	Department of Public Works	21	1,531,288
101	11	Office of the Attorney General	62	4,038,945
101	12	Guam Police Department	2	513,011
101	15	Agency for Human Resource Development	0	284,251
101	16	Department of Agriculture	23	1,504,001
101	17	Department of Public Health and Social Services	267	15,472,504
101	19	Department of Education	0	18,388
101	22	Guam Environmental Protection Agency	43	3,146,007
101	23	Department of Mental Health and Substance Abuse	17	1,160,370
101	24	Department of Labor	126	3,406,590
101	25	Department of Parks and Recreation	4	224,816
101	26	Department of Integrated Services for Individuals with Dis	12	731,065
101	34	Guam Energy Office	5	263,756
101	36	Department of Chamorro Affairs	6	364,410
101	37	Department of Military Affairs	39	1,873,605
101	77	Guam Regional Transit Authority	0	86,556
101 Total			**679**	**37,935,932**
104	34	Guam Energy Office	1	10,373
104 Total			**1**	**10,373**
105	17	Department of Public Health and Social Services	42	2,646,332
105 Total			**42**	**2,646,332**
205	10	Department of Public Works	134	6,344,064
205	36	Department of Chamorro Affairs	19	1,266,760
205	76	Guam Commission for Educator Certification	3	203,870
205 Total			**156**	**7,814,693**

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Personnel Count - Primary Government, Continued
Year Ended September 30, 2018

Fund	DEPT	DESCRIPTION	NO. OF EMP	AMOUNT
206	06	Department of Administration	0	4,782
206	12	Guam Police Department	35	2,698,585
206	16	Department of Agriculture	4	235,075
206	22	Guam Environmental Protection Agency	0	40,598
206	25	Department of Parks and Recreation	44	2,085,239
206	28	Mayors' Council of Guam	0	3,067
206	36	Department of Chamorro Affairs	14	828,024
206	42	Guam Fire Department	0	500,499
206 Total			**97**	**6,395,867**
208	10	Department of Public Works	113	6,039,780
208	12	Guam Police Department	15	1,488,283
208	28	Mayors' Council of Guam	203	5,801,200
208	77	Guam Regional Transit Authority	8	544,807
208 Total			**339**	**13,874,071**
209	32	Customs and Quarantine	124	9,285,425
209 Total			**124**	**9,285,425**
215	10	Department of Public Works	3	624,313
215 Total			**3**	**624,313**
222	29	Department of Land Management	41	2,620,928
222 Total			**41**	**2,620,928**
229	06	Department of Administration	0	1,184
229 Total			**0**	**1,184**
232	24	Department of Labor	7	153,128
232 Total			**7**	**153,128**
235	10	Department of Public Works	8	449,449
235 Total			**8**	**449,449**
241	17	Department of Public Health and Social Services	0	36,770
241 Total			**0**	**36,770**
245	22	Guam Environmental Protection Agency	1	89,520
245 Total			**1**	**89,520**
263	12	Guam Police Department	4	158,182
263 Total			**4**	**158,182**
265	22	Guam Environmental Protection Agency	2	10,643
265 Total			**2**	**10,643**
281	42	Guam Fire Department	23	1,173,852
281 Total			**23**	**1,173,852**
282	32	Customs and Quarantine	0	885,548
282 Total			**0**	**885,548**
283	22	Guam Environmental Protection Agency	1	34,904
283 Total			**1**	**34,904**
299	06	Department of Administration	0	9,651
299 Total			**0**	**9,651**
300	22	Guam Environmental Protection Agency	1	2,063
300 Total			**1**	**2,063**
314	06	Department of Administration	0	177
314 Total			**0**	**177**
416	10	Department of Public Works	35	1,926,978
416 Total			**35**	**1,926,978**
600	17	Department of Public Health and Social Services	12	817,849
600 Total			**12**	**817,849**
602	02	Office of I Maga'lahen Guahan	0	729,190
602	17	Department of Public Health and Social Services	48	3,217,623
602	20	Department of Youth Affairs	2	77,958
602	23	Department of Mental Health and Substance Abuse	186	11,848,131
602 Total			**236**	**15,872,902**
603	08	Department of Revenue and Taxation	9	415,498
603 Total			**9**	**415,498**
619	22	Guam Environmental Protection Agency	1	59,060
619 Total			**1**	**59,060**

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Personnel Count - Primary Government, Continued
Year Ended September 30, 2018

Fund	DEPT	DESCRIPTION	NO. OF EMP	AMOUNT
624	29	Department of Land Management	12	642,075
624 Total			**12**	**642,075**
629	22	Guam Environmental Protection Agency	0	109,053
629 Total			**0**	**109,053**
632	03	Office of I Segundu Na Maga'lahen Guahan	5	259,459
632	04	Bureau of Budget and Management Research	4	293,182
632	06	Department of Administration	16	970,622
632 Total			**25**	**1,523,263**
636	22	Guam Environmental Protection Agency	1	18,421
636 Total			**1**	**18,421**
638	17	Department of Public Health and Social Services	1	52,350
638 Total			**1**	**52,350**
640	08	Department of Revenue and Taxation	0	28,408
640 Total			**0**	**28,408**
650	17	Department of Public Health and Social Services	3	82,235
650 Total			**3**	**82,235**
662	16	Department of Agriculture	4	209,102
662 Total			**4**	**209,102**
Grand Total			**3382**	**224,776,333**

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Continuing Appropriations
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
Agency for Human Resource Development	**2,254**
FEDERAL GRANT FUND	**2,254**
220 - TRAVEL	1,925
363 - COMMUNICATIONS	329
Bureau of Budget and Management Research	**50,243**
GENERAL FUND	**41,280**
220 - TRAVEL	5,893
230 - CONTRACTUAL SERVICES	569
240 - SUPPLIES	191
250 - EQUIPMENT	34,628
INDIRECT COST FUND	**8,963**
220 - TRAVEL	848
230 - CONTRACTUAL SERVICES	8,101
363 - COMMUNICATIONS	15
Bureau of Statistics and Plans	**4,252,627**
FEDERAL GRANT FUND	**4,249,771**
111 - SALARIES AND WAGES - REGULAR	217,894
113 - SALARIES AND WAGES - BENEFITS	141,718
220 - TRAVEL	70,383
230 - CONTRACTUAL SERVICES	540,552
233 - BUILDING RENT	24,912
240 - SUPPLIES	26,667
250 - EQUIPMENT	49,261
280 - SUB-RECIPIENT/GRANTS	3,155,229
290 - MISCELLANEOUS	6,520
363 - COMMUNICATIONS	12,360
701 - INDIRECT COST - FEDERAL	4,275
GENERAL FUND	**2,856**
230 - CONTRACTUAL SERVICES	1,237
363 - COMMUNICATIONS	1,619
Chief Medical Examiner	**3,563**
FEDERAL GRANT FUND	**3,563**
240 - SUPPLIES	145
250 - EQUIPMENT	3,418
Civil Service Commission	**4,849**
GENERAL FUND	**4,849**
230 - CONTRACTUAL SERVICES	4,849
Customs and Quarantine	**787,069**
CARRIER OFF-DUTY SERVICES REV	**8,577**
111 - SALARIES AND WAGES - REGULAR	3,457
112 - SALARIES AND WAGES - OVERTIME	4,001
113 - SALARIES AND WAGES - BENEFITS	1,119
CUSTOMS,AGRIC & QUARANTN INSP	**145,461**
230 - CONTRACTUAL SERVICES	103,116
240 - SUPPLIES	17,506
361 - UTILITIES - POWER	1,555
362 - UTILITIES - WATER	20
363 - COMMUNICATIONS	23,263
FEDERAL GRANT FUND	**633,031**
230 - CONTRACTUAL SERVICES	7,031
450 - CAPITAL OUTLAYS	626,000

See Accompanying Independent Auditors' Report.

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
Department of Administration	**2,510,835**
AIR POLLUTION CONTROL	**4,741**
280 - SUB-RECIPIENT/GRANTS	4,741
FEDERAL GRANT FUND	**1,667,260**
111 - SALARIES AND WAGES - REGULAR	52,500
113 - SALARIES AND WAGES - BENEFITS	22,500
220 - TRAVEL	42,500
230 - CONTRACTUAL SERVICES	802,760
240 - SUPPLIES	10,000
250 - EQUIPMENT	737,000
FINANCIAL MGMT DIVISION RELVNG	**86,837**
111 - SALARIES AND WAGES - REGULAR	1,623
112 - SALARIES AND WAGES - OVERTIME	1,473
113 - SALARIES AND WAGES - BENEFITS	1,440
220 - TRAVEL	3,100
230 - CONTRACTUAL SERVICES	25,054
240 - SUPPLIES	7,015
250 - EQUIPMENT	47,132
GENERAL FUND	**294,431**
230 - CONTRACTUAL SERVICES	254,990
240 - SUPPLIES	4,170
361 - UTILITIES - POWER	11,323
362 - UTILITIES - WATER	13,033
363 - COMMUNICATIONS	10,915
GENERAL SERVICES AGENCY FUND	**20,210**
111 - SALARIES AND WAGES - REGULAR	2,055
113 - SALARIES AND WAGES - BENEFITS	13,070
220 - TRAVEL	1,112
230 - CONTRACTUAL SERVICES	165
240 - SUPPLIES	3,809
GUAM HIGHWAY FUND	**108,162**
230 - CONTRACTUAL SERVICES	10,000
361 - UTILITIES - POWER	98,162
GUAM REGIONAL TRANST AUTHORITY	**2,667**
220 - TRAVEL	2,351
230 - CONTRACTUAL SERVICES	316
HUMAN RESOURCES SERVICES REVLV	**70,519**
111 - SALARIES AND WAGES - REGULAR	251
112 - SALARIES AND WAGES - OVERTIME	97
113 - SALARIES AND WAGES - BENEFITS	21
230 - CONTRACTUAL SERVICES	698
240 - SUPPLIES	3,096
250 - EQUIPMENT	1,849
271 - DRUG TESTING	64,373
290 - MISCELLANEOUS	133
LIMITED GAMING FUND	**78**
240 - SUPPLIES	78
RESIDENTIAL TREATMENT FUND	**134,786**
220 - TRAVEL	807
290 - MISCELLANEOUS	133,979
SPECIAL SURPLUS PROPERTY FUND	**81,530**
111 - SALARIES AND WAGES - REGULAR	6,003
112 - SALARIES AND WAGES - OVERTIME	7,266
113 - SALARIES AND WAGES - BENEFITS	10,012
220 - TRAVEL	860

See Accompanying Independent Auditors' Report.

Department/Fund/Obj Class	Sum of AMOUNT
230 - CONTRACTUAL SERVICES	34,390
240 - SUPPLIES	19,418
250 - EQUIPMENT	3,581
STREET LIGHT FUND	**1,007**
361 - UTILITIES - POWER	1,007
TOURIST ATTRACTION	**38,608**
220 - TRAVEL	1,310
230 - CONTRACTUAL SERVICES	29,308
250 - EQUIPMENT	7,990
Department of Agriculture	**3,894,449**
FEDERAL GRANT FUND	**3,360,031**
111 - SALARIES AND WAGES - REGULAR	493,255
112 - SALARIES AND WAGES - OVERTIME	5,512
113 - SALARIES AND WAGES - BENEFITS	193,558
220 - TRAVEL	77,604
230 - CONTRACTUAL SERVICES	1,380,674
240 - SUPPLIES	118,496
250 - EQUIPMENT	69,227
280 - SUB-RECIPIENT/GRANTS	671,303
361 - UTILITIES - POWER	173
362 - UTILITIES - WATER	64
363 - COMMUNICATIONS	29,122
450 - CAPITAL OUTLAYS	302,615
701 - INDIRECT COST - FEDERAL	18,425
GUAM INVASIVE SPECIES INSPECT	**380,919**
111 - SALARIES AND WAGES - REGULAR	20,277
112 - SALARIES AND WAGES - OVERTIME	6,910
113 - SALARIES AND WAGES - BENEFITS	27,043
230 - CONTRACTUAL SERVICES	300,319
240 - SUPPLIES	8,793
250 - EQUIPMENT	12,566
271 - DRUG TESTING	380
290 - MISCELLANEOUS	1,131
450 - CAPITAL OUTLAYS	3,500
GUAM PLANT INSPECTION & PERMIT	**2,750**
230 - CONTRACTUAL SERVICES	175
240 - SUPPLIES	676
362 - UTILITIES - WATER	851
363 - COMMUNICATIONS	1,048
PLANT NURSERY REVOLVING FUND	**17,294**
240 - SUPPLIES	2,038
250 - EQUIPMENT	15,256
PLANT PROTECTION & QUARANTINE	**8,469**
230 - CONTRACTUAL SERVICES	2,893
250 - EQUIPMENT	576
450 - CAPITAL OUTLAYS	5,000
RABIES PREVENTION FUND	**35,568**
230 - CONTRACTUAL SERVICES	6,873
240 - SUPPLIES	359
250 - EQUIPMENT	4,337
450 - CAPITAL OUTLAYS	24,000
TOURIST ATTRACTION	**24,909**
230 - CONTRACTUAL SERVICES	14,465
240 - SUPPLIES	5,662
361 - UTILITIES - POWER	4,056

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
362 - UTILITIES - WATER	193
363 - COMMUNICATIONS	533
WILDLIFE CONSERVATION FUND	**64,509**
113 - SALARIES AND WAGES - BENEFITS	31,192
230 - CONTRACTUAL SERVICES	14,245
240 - SUPPLIES	7,089
250 - EQUIPMENT	6,225
290 - MISCELLANEOUS	2,750
363 - COMMUNICATIONS	3,007
Department of Chamorro Affairs	**952,661**
FEDERAL GRANT FUND	**178,821**
111 - SALARIES AND WAGES - REGULAR	34,297
113 - SALARIES AND WAGES - BENEFITS	17,755
220 - TRAVEL	10,500
230 - CONTRACTUAL SERVICES	15,725
240 - SUPPLIES	10,754
250 - EQUIPMENT	76,468
271 - DRUG TESTING	80
280 - SUB-RECIPIENT/GRANTS	12,500
363 - COMMUNICATIONS	741
GUAM MUSEUM FUND	**565,601**
230 - CONTRACTUAL SERVICES	545,210
233 - BUILDING RENT	5,075
361 - UTILITIES - POWER	13,462
363 - COMMUNICATIONS	1,854
PUBLIC MARKET REVOLVING FUND	**2,807**
111 - SALARIES AND WAGES - REGULAR	1,389
113 - SALARIES AND WAGES - BENEFITS	1,418
TERRITORIAL EDUCATION FACILITY	**28,508**
230 - CONTRACTUAL SERVICES	8,893
240 - SUPPLIES	391
361 - UTILITIES - POWER	8,532
362 - UTILITIES - WATER	2,655
363 - COMMUNICATIONS	8,038
TOURIST ATTRACTION	**176,924**
230 - CONTRACTUAL SERVICES	159,892
240 - SUPPLIES	89
362 - UTILITIES - WATER	16,944
Department of Corrections	**1,094,040**
DOC REVOLVING	**120,939**
230 - CONTRACTUAL SERVICES	33,563
240 - SUPPLIES	62,149
250 - EQUIPMENT	25,227
FEDERAL GRANT FUND	**345,014**
230 - CONTRACTUAL SERVICES	325,500
240 - SUPPLIES	10,270
250 - EQUIPMENT	9,245

See Accompanying Independent Auditors' Report.

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
GENERAL FUND	**627,663**
220 - TRAVEL	3,497
230 - CONTRACTUAL SERVICES	529,523
240 - SUPPLIES	3,050
250 - EQUIPMENT	14,287
362 - UTILITIES - WATER	77,306
SAFE STREETS ACT	**424**
240 - SUPPLIES	424
Department of Integrated Services for Individuals with Dis	**897,237**
ACCESSIBLE PARKING FUND	**87,148**
220 - TRAVEL	9,035
230 - CONTRACTUAL SERVICES	48,642
240 - SUPPLIES	5,171
250 - EQUIPMENT	15,000
290 - MISCELLANEOUS	9,300
FEDERAL GRANT FUND	**808,996**
111 - SALARIES AND WAGES - REGULAR	213,299
113 - SALARIES AND WAGES - BENEFITS	91,109
220 - TRAVEL	9,393
230 - CONTRACTUAL SERVICES	481,452
240 - SUPPLIES	1,274
250 - EQUIPMENT	10,298
290 - MISCELLANEOUS	2,170
GENERAL FUND	**1,093**
230 - CONTRACTUAL SERVICES	1,093
Department of Labor	**6,692,300**
FEDERAL GRANT FUND	**6,645,327**
111 - SALARIES AND WAGES - REGULAR	1,675,757
113 - SALARIES AND WAGES - BENEFITS	574,462
220 - TRAVEL	121,330
230 - CONTRACTUAL SERVICES	2,736,003
233 - BUILDING RENT	160,985
240 - SUPPLIES	56,738
250 - EQUIPMENT	30,667
280 - SUB-RECIPIENT/GRANTS	1,234,351
363 - COMMUNICATIONS	55,033
GENERAL FUND	**25,528**
230 - CONTRACTUAL SERVICES	12,874
363 - COMMUNICATIONS	12,653
MANPOWER DEVELOPMENT FUND	**21,445**
220 - TRAVEL	1,300
230 - CONTRACTUAL SERVICES	6,674
240 - SUPPLIES	4,387
250 - EQUIPMENT	5,182
363 - COMMUNICATIONS	3,900
Department of Land Management	**891,452**
CHAMORRO LAND TRUST OPERATIONS	**60,164**
111 - SALARIES AND WAGES - REGULAR	31,076
113 - SALARIES AND WAGES - BENEFITS	24,904
230 - CONTRACTUAL SERVICES	4,152
240 - SUPPLIES	32

See Accompanying Independent Auditors' Report.

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
CLT SURVEY & INFRASTRUCTURE	**2,408**
230 - CONTRACTUAL SERVICES	2,408
DLM BUILDING CONSTRUCTION FUND	**582,612**
230 - CONTRACTUAL SERVICES	557,354
290 - MISCELLANEOUS	25,258
FEDERAL GRANT FUND	**5,784**
112 - SALARIES AND WAGES - OVERTIME	3,036
113 - SALARIES AND WAGES - BENEFITS	2,748
GENERAL FUND	**171,300**
290 - MISCELLANEOUS	171,300
GUAM GEODETIC NETWORK FUND	**1,600**
250 - EQUIPMENT	1,600
LAND SURVEY REVOLVING FUND	**67,583**
230 - CONTRACTUAL SERVICES	65,376
240 - SUPPLIES	2,055
363 - COMMUNICATIONS	152
Department of Mental Health and Substance Abuse	**6,193,092**
FEDERAL GRANT FUND	**5,457,487**
111 - SALARIES AND WAGES - REGULAR	1,458,934
113 - SALARIES AND WAGES - BENEFITS	633,092
220 - TRAVEL	142,720
230 - CONTRACTUAL SERVICES	2,103,005
233 - BUILDING RENT	203,440
240 - SUPPLIES	70,505
250 - EQUIPMENT	569,665
280 - SUB-RECIPIENT/GRANTS	10,308
290 - MISCELLANEOUS	114,303
361 - UTILITIES - POWER	12,042
362 - UTILITIES - WATER	2,577
363 - COMMUNICATIONS	843
450 - CAPITAL OUTLAYS	79,500
701 - INDIRECT COST - FEDERAL	56,554
FMT - DMHSA/DISID FUND	**61,950**
450 - CAPITAL OUTLAYS	61,950
GENERAL FUND	**364,903**
220 - TRAVEL	8,524
230 - CONTRACTUAL SERVICES	65,262
240 - SUPPLIES	2,255
250 - EQUIPMENT	2,198
280 - SUB-RECIPIENT/GRANTS	7,081
361 - UTILITIES - POWER	235,406
362 - UTILITIES - WATER	21,478
363 - COMMUNICATIONS	901
450 - CAPITAL OUTLAYS	21,799
HEALTHY FUTURES FUND	**304,759**
230 - CONTRACTUAL SERVICES	170,165
240 - SUPPLIES	134,594
MHSA FUND	**3,994**
250 - EQUIPMENT	3,994
Department of Military Affairs	**144,185**
FEDERAL GRANT FUND	**143,212**
230 - CONTRACTUAL SERVICES	19,158
240 - SUPPLIES	23,723

See Accompanying Independent Auditors' Report.

Department/Fund/Obj Class	Sum of AMOUNT
361 - UTILITIES - POWER	68,213
362 - UTILITIES - WATER	31,999
363 - COMMUNICATIONS	118
GENERAL FUND	**973**
230 - CONTRACTUAL SERVICES	973
Department of Parks and Recreation	**709,768**
FEDERAL GRANT FUND	**464,724**
111 - SALARIES AND WAGES - REGULAR	23,051
112 - SALARIES AND WAGES - OVERTIME	34,393
113 - SALARIES AND WAGES - BENEFITS	24,170
220 - TRAVEL	10,000
230 - CONTRACTUAL SERVICES	264,797
240 - SUPPLIES	4,451
250 - EQUIPMENT	1,539
290 - MISCELLANEOUS	1,753
450 - CAPITAL OUTLAYS	56,764
701 - INDIRECT COST - FEDERAL	43,806
GENERAL FUND	**1,964**
230 - CONTRACTUAL SERVICES	1,964
GU PRESERV TRUST FUND	**136,000**
290 - MISCELLANEOUS	136,000
LIMITED GAMING FUND	**2,602**
290 - MISCELLANEOUS	2,602
PUBLIC RECREATION SERVICES FND	**9,136**
230 - CONTRACTUAL SERVICES	5,480
240 - SUPPLIES	379
363 - COMMUNICATIONS	3,154
450 - CAPITAL OUTLAYS	123
RECREATION REVOLVING FUND	**48**
240 - SUPPLIES	48
TOURIST ATTRACTION	**95,295**
230 - CONTRACTUAL SERVICES	87,394
361 - UTILITIES - POWER	949
362 - UTILITIES - WATER	4,816
363 - COMMUNICATIONS	2,136
Department of Public Health and Social Services	**45,432,039**
COMMUNITY HEALTH CENTERS	**6,823,654**
111 - SALARIES AND WAGES - REGULAR	2,453,151
112 - SALARIES AND WAGES - OVERTIME	119,744
113 - SALARIES AND WAGES - BENEFITS	900,838
220 - TRAVEL	128,125
230 - CONTRACTUAL SERVICES	1,194,778
240 - SUPPLIES	1,355,458
250 - EQUIPMENT	162,017
271 - DRUG TESTING	5,140
280 - SUB-RECIPIENT/GRANTS	473,139
290 - MISCELLANEOUS	473
363 - COMMUNICATIONS	312
450 - CAPITAL OUTLAYS	30,478
CONTROLLED SUBSTANCE DIVERSION	**134,925**
220 - TRAVEL	1,195
230 - CONTRACTUAL SERVICES	131,815
240 - SUPPLIES	510
250 - EQUIPMENT	1,405

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
DPHSS SANITARY INSPECTION REVL	**42,535**
230 - CONTRACTUAL SERVICES	18,028
240 - SUPPLIES	3,121
250 - EQUIPMENT	7,939
450 - CAPITAL OUTLAYS	13,447
ENVIRONMENTAL HEALTH FUND	**163,669**
111 - SALARIES AND WAGES - REGULAR	50,528
113 - SALARIES AND WAGES - BENEFITS	32,325
220 - TRAVEL	6,704
230 - CONTRACTUAL SERVICES	44,936
240 - SUPPLIES	18,141
250 - EQUIPMENT	2,686
363 - COMMUNICATIONS	2,849
450 - CAPITAL OUTLAYS	5,500
FEDERAL GRANT FUND	**34,476,905**
111 - SALARIES AND WAGES - REGULAR	4,959,302
112 - SALARIES AND WAGES - OVERTIME	3,049
113 - SALARIES AND WAGES - BENEFITS	2,079,795
220 - TRAVEL	696,634
230 - CONTRACTUAL SERVICES	9,400,006
233 - BUILDING RENT	645,895
240 - SUPPLIES	1,656,581
250 - EQUIPMENT	893,191
271 - DRUG TESTING	775
280 - SUB-RECIPIENT/GRANTS	243,055
290 - MISCELLANEOUS	12,509,332
361 - UTILITIES - POWER	6,000
362 - UTILITIES - WATER	630
363 - COMMUNICATIONS	51,109
450 - CAPITAL OUTLAYS	944,370
701 - INDIRECT COST - FEDERAL	387,181
GENERAL FUND	**2,853,444**
111 - SALARIES AND WAGES - REGULAR	106,497
113 - SALARIES AND WAGES - BENEFITS	45,262
230 - CONTRACTUAL SERVICES	1,757,322
240 - SUPPLIES	139,420
250 - EQUIPMENT	8,129
280 - SUB-RECIPIENT/GRANTS	8,031
290 - MISCELLANEOUS	648,393
361 - UTILITIES - POWER	56,918
362 - UTILITIES - WATER	27,277
363 - COMMUNICATIONS	56,194
GUAM CANCER TRUST FUND	**2,148**
290 - MISCELLANEOUS	2,148
HEALTH PROF LICENSING	**187,274**
111 - SALARIES AND WAGES - REGULAR	18,448
113 - SALARIES AND WAGES - BENEFITS	8,104
220 - TRAVEL	12,713
230 - CONTRACTUAL SERVICES	120,373
240 - SUPPLIES	1,832
250 - EQUIPMENT	25,772
271 - DRUG TESTING	33

See Accompanying Independent Auditors' Report.

Department/Fund/Obj Class	Sum of AMOUNT
HEALTHY FUTURES FUND	**500,746**
111 - SALARIES AND WAGES - REGULAR	40,762
113 - SALARIES AND WAGES - BENEFITS	19,076
230 - CONTRACTUAL SERVICES	18,282
240 - SUPPLIES	22,626
290 - MISCELLANEOUS	400,000
MEDICALLY INDIGENT PROGRAM PAY	**30**
220 - TRAVEL	30
OFFICE OF VITAL STATISTICS FND	**246,710**
111 - SALARIES AND WAGES - REGULAR	26,330
113 - SALARIES AND WAGES - BENEFITS	17,495
220 - TRAVEL	1,982
230 - CONTRACTUAL SERVICES	186,317
240 - SUPPLIES	2,015
250 - EQUIPMENT	12,169
271 - DRUG TESTING	400
Department of Public Works	**120,177,230**
DPW BUILDING & DESIGN FUND	**1,485,637**
111 - SALARIES AND WAGES - REGULAR	787,670
113 - SALARIES AND WAGES - BENEFITS	295,619
220 - TRAVEL	22,000
230 - CONTRACTUAL SERVICES	91,452
240 - SUPPLIES	79,379
250 - EQUIPMENT	71,324
270 - WORKERS COMP BENEFITS	5,000
271 - DRUG TESTING	280
361 - UTILITIES - POWER	32,576
363 - COMMUNICATIONS	50,338
450 - CAPITAL OUTLAYS	50,000
FEDERAL GRANT FUND	**111,504,429**
111 - SALARIES AND WAGES - REGULAR	1,128,258
112 - SALARIES AND WAGES - OVERTIME	526,329
113 - SALARIES AND WAGES - BENEFITS	592,681
220 - TRAVEL	86,635
230 - CONTRACTUAL SERVICES	106,418,848
240 - SUPPLIES	245,446
250 - EQUIPMENT	31,766
280 - SUB-RECIPIENT/GRANTS	4,483
363 - COMMUNICATIONS	30,786
450 - CAPITAL OUTLAYS	2,439,197
GENERAL FUND	**28,829**
230 - CONTRACTUAL SERVICES	14,884
240 - SUPPLIES	13,945
GUAM CONTRACTORS	**76,321**
230 - CONTRACTUAL SERVICES	60,115
240 - SUPPLIES	12,030
290 - MISCELLANEOUS	1,904
363 - COMMUNICATIONS	2,270
GUAM HIGHWAY FUND	**3,282,452**
112 - SALARIES AND WAGES - OVERTIME	43,537
113 - SALARIES AND WAGES - BENEFITS	14,338
220 - TRAVEL	996
230 - CONTRACTUAL SERVICES	2,663,630
240 - SUPPLIES	362,338
250 - EQUIPMENT	31,939

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
361 - UTILITIES - POWER	36,845
363 - COMMUNICATIONS	1,604
450 - CAPITAL OUTLAYS	127,223
INFRAST IMPRVMT BOND '97 - CPF	**54,370**
230 - CONTRACTUAL SERVICES	54,370
LANDFILL CLOSING/OPENING COSTS	**3,379,439**
230 - CONTRACTUAL SERVICES	1,962,200
240 - SUPPLIES	1,340,415
250 - EQUIPMENT	40,000
450 - CAPITAL OUTLAYS	36,825
P.E.A.L.S. FUND	**29,233**
230 - CONTRACTUAL SERVICES	29,016
290 - MISCELLANEOUS	63
363 - COMMUNICATIONS	154
RECYCLING REVOLVING FUND	**42,452**
230 - CONTRACTUAL SERVICES	42,452
STREET LIGHT FUND	**8,207**
230 - CONTRACTUAL SERVICES	8,207
TERRITORIAL EDUCATION FACILITY	**135,082**
240 - SUPPLIES	135,064
363 - COMMUNICATIONS	18
TESS FACILITY FUND	**150,780**
230 - CONTRACTUAL SERVICES	150,780
Department of Revenue and Taxation	**966,240**
BANKING AND INSURANCE ENFORCE	**3,892**
230 - CONTRACTUAL SERVICES	3,892
BETTER PUBLIC SERVICE FUND	**27,770**
230 - CONTRACTUAL SERVICES	24,903
240 - SUPPLIES	2,867
DOJ EQUITABLE SHARING PROGRAM	**83,489**
230 - CONTRACTUAL SERVICES	71,489
240 - SUPPLIES	5,000
250 - EQUIPMENT	7,000
EXAMINER OFF-DUTY SERVICE FUND	**4,047**
112 - SALARIES AND WAGES - OVERTIME	3,615
113 - SALARIES AND WAGES - BENEFITS	433
FEDERAL GRANT FUND	**559,701**
111 - SALARIES AND WAGES - REGULAR	219,163
112 - SALARIES AND WAGES - OVERTIME	42,796
113 - SALARIES AND WAGES - BENEFITS	122,859
220 - TRAVEL	14,553
230 - CONTRACTUAL SERVICES	16,698
233 - BUILDING RENT	7,603
240 - SUPPLIES	21,965
250 - EQUIPMENT	300
363 - COMMUNICATIONS	1,822
450 - CAPITAL OUTLAYS	111,250
701 - INDIRECT COST - FEDERAL	692
GENERAL FUND	**96,607**
220 - TRAVEL	767
230 - CONTRACTUAL SERVICES	88,965
250 - EQUIPMENT	1,588
280 - SUB-RECIPIENT/GRANTS	5,287

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
LIMITED GAMING FUND	**10,372**
250 - EQUIPMENT	3,363
290 - MISCELLANEOUS	620
450 - CAPITAL OUTLAYS	6,389
TAX COLLECTION ENHANCEMENT FND	**180,362**
220 - TRAVEL	5,357
230 - CONTRACTUAL SERVICES	155,113
363 - COMMUNICATIONS	19,893
Department of Youth Affairs	**330,055**
FEDERAL GRANT FUND	**280,113**
111 - SALARIES AND WAGES - REGULAR	31,289
113 - SALARIES AND WAGES - BENEFITS	11,298
220 - TRAVEL	10,252
230 - CONTRACTUAL SERVICES	83,163
240 - SUPPLIES	14,207
250 - EQUIPMENT	30,759
290 - MISCELLANEOUS	36,012
450 - CAPITAL OUTLAYS	53,953
701 - INDIRECT COST - FEDERAL	9,179
GENERAL FUND	**33,022**
230 - CONTRACTUAL SERVICES	20,241
240 - SUPPLIES	8,913
362 - UTILITIES - WATER	3,042
363 - COMMUNICATIONS	826
HEALTHY FUTURES FUND	**16,921**
111 - SALARIES AND WAGES - REGULAR	1,026
113 - SALARIES AND WAGES - BENEFITS	693
230 - CONTRACTUAL SERVICES	14,732
240 - SUPPLIES	18
250 - EQUIPMENT	452
GovGuam Retirement Fund	**13,517,724**
GENERAL FUND	**13,517,724**
290 - MISCELLANEOUS	13,517,724
Guam Commission for Educator Certification	**708**
TERRITORIAL EDUCATION FACILITY	**708**
230 - CONTRACTUAL SERVICES	543
363 - COMMUNICATIONS	165
Guam Community College	**1,395,608**
TERRITORIAL EDUCATION FACILITY	**1,395,608**
450 - CAPITAL OUTLAYS	1,395,608
Guam Department of Education	**6,471,293**
FEDERAL GRANT FUND	**5,397,697**
290 - MISCELLANEOUS	5,397,697
GENERAL FUND	**671,546**
230 - CONTRACTUAL SERVICES	52,157
290 - MISCELLANEOUS	619,389
LIMITED GAMING FUND	**402,051**
290 - MISCELLANEOUS	312,583
450 - CAPITAL OUTLAYS	89,468
Guam Economic Development Authority	**8,657,040**
FEDERAL GRANT FUND	**160,282**
230 - CONTRACTUAL SERVICES	160,282

See Accompanying Independent Auditors' Report.

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
INFRAST IMPRVMT BOND '97 - CPF	**8,096,758**
230 - CONTRACTUAL SERVICES	552,739
450 - CAPITAL OUTLAYS	7,544,018
SAR-SUPPLEMENTL APPROP REVENUE	**400,000**
290 - MISCELLANEOUS	400,000
Guam Election Commission	**48,769**
FEDERAL GRANT FUND	**94**
230 - CONTRACTUAL SERVICES	70
240 - SUPPLIES	24
GENERAL FUND	**48,675**
230 - CONTRACTUAL SERVICES	33,382
233 - BUILDING RENT	1,900
240 - SUPPLIES	9,416
250 - EQUIPMENT	284
290 - MISCELLANEOUS	3,407
363 - COMMUNICATIONS	287
Guam Energy Office	**83,911**
EXXON OVERCHARGE	**21,030**
220 - TRAVEL	900
230 - CONTRACTUAL SERVICES	7,493
361 - UTILITIES - POWER	11,168
362 - UTILITIES - WATER	1,470
FEDERAL GRANT FUND	**62,881**
220 - TRAVEL	1,908
230 - CONTRACTUAL SERVICES	25,375
240 - SUPPLIES	25,590
250 - EQUIPMENT	8,710
362 - UTILITIES - WATER	1,299
Guam Environmental Protection Agency	**7,465,830**
AIR POLLUTION CONTROL	**4,138**
113 - SALARIES AND WAGES - BENEFITS	52
220 - TRAVEL	3,208
230 - CONTRACTUAL SERVICES	589
363 - COMMUNICATIONS	289
FEDERAL GRANT FUND	**1,150,817**
111 - SALARIES AND WAGES - REGULAR	181,245
113 - SALARIES AND WAGES - BENEFITS	48,431
220 - TRAVEL	83,980
230 - CONTRACTUAL SERVICES	107,788
240 - SUPPLIES	27,425
250 - EQUIPMENT	39,163
280 - SUB-RECIPIENT/GRANTS	557,580
290 - MISCELLANEOUS	5,255
361 - UTILITIES - POWER	1,672
450 - CAPITAL OUTLAYS	98,278
GENERAL FUND	**51,704**
113 - SALARIES AND WAGES - BENEFITS	1,618
230 - CONTRACTUAL SERVICES	50,086
GUAM ENVIRONMENTAL FUND	**14,152**
111 - SALARIES AND WAGES - REGULAR	422
113 - SALARIES AND WAGES - BENEFITS	142
230 - CONTRACTUAL SERVICES	8,564
362 - UTILITIES - WATER	2,317
363 - COMMUNICATIONS	2,707

See Accompanying Independent Auditors' Report.

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
PESTICIDE MANAGEMENT FUND	**28,982**
220 - TRAVEL	6,069
230 - CONTRACTUAL SERVICES	8,571
240 - SUPPLIES	10,068
250 - EQUIPMENT	4,274
RECYCLING REVOLVING FUND	**5,678,272**
111 - SALARIES AND WAGES - REGULAR	71,334
113 - SALARIES AND WAGES - BENEFITS	45,213
220 - TRAVEL	33,937
230 - CONTRACTUAL SERVICES	5,504,999
240 - SUPPLIES	10,427
250 - EQUIPMENT	12,362
SAFE DRINKING WATER FUND	**2,550**
230 - CONTRACTUAL SERVICES	1,543
240 - SUPPLIES	1,007
SOLID WASTE MGMT FUND-GEPA	**19,697**
220 - TRAVEL	8,351
230 - CONTRACTUAL SERVICES	10,727
240 - SUPPLIES	618
SOLID WASTE OPERATIONS FUND	**126,670**
230 - CONTRACTUAL SERVICES	126,670
UNDERGROUND STORAGE TANK MGMT	**376,251**
111 - SALARIES AND WAGES - REGULAR	44,787
113 - SALARIES AND WAGES - BENEFITS	31,337
220 - TRAVEL	28,686
230 - CONTRACTUAL SERVICES	222,047
240 - SUPPLIES	20,394
250 - EQUIPMENT	29,000
WATER PROTECTION FUND	**7,040**
233 - BUILDING RENT	7,040
WATER RESEARCH AND DEVELOPMENT	**5,558**
230 - CONTRACTUAL SERVICES	5,558
Guam Fire Department	**1,949,170**
ENHANCED 911 EMRGNCY REPRT SYS	**174,893**
111 - SALARIES AND WAGES - REGULAR	48,636
113 - SALARIES AND WAGES - BENEFITS	16,947
230 - CONTRACTUAL SERVICES	18,498
240 - SUPPLIES	5,783
250 - EQUIPMENT	44,331
290 - MISCELLANEOUS	8,672
363 - COMMUNICATIONS	9,562
450 - CAPITAL OUTLAYS	22,463
FEDERAL GRANT FUND	**1,103,538**
112 - SALARIES AND WAGES - OVERTIME	5,104
113 - SALARIES AND WAGES - BENEFITS	2,169
250 - EQUIPMENT	11,265
450 - CAPITAL OUTLAYS	1,085,000
FIRE LIFE MEDIC EMERGENCY FUND	**630,432**
230 - CONTRACTUAL SERVICES	99,692
240 - SUPPLIES	38,016
250 - EQUIPMENT	72,723
450 - CAPITAL OUTLAYS	420,000

See Accompanying Independent Auditors' Report.

Department/Fund/Obj Class	Sum of AMOUNT
GENERAL FUND	**1,922**
220 - TRAVEL	1,810
230 - CONTRACTUAL SERVICES	112
TOURIST ATTRACTION	**34,812**
230 - CONTRACTUAL SERVICES	2,976
233 - BUILDING RENT	23,826
362 - UTILITIES - WATER	7,600
363 - COMMUNICATIONS	410
UNRESERVED FUND BALANCE FUND	**3,574**
230 - CONTRACTUAL SERVICES	3,574
Guam Memorial Hospital Authority	**6,397,169**
FEDERAL GRANT FUND	**4,724,807**
290 - MISCELLANEOUS	4,724,807
GENERAL FUND	**72,362**
290 - MISCELLANEOUS	25,140
450 - CAPITAL OUTLAYS	47,222
HOTEL OCCUPANCY TAX SURPLUS	**1,600,000**
290 - MISCELLANEOUS	1,600,000
Guam Police Department	**3,564,766**
FEDERAL GRANT FUND	**2,218,646**
111 - SALARIES AND WAGES - REGULAR	93,148
112 - SALARIES AND WAGES - OVERTIME	16,791
113 - SALARIES AND WAGES - BENEFITS	217,691
220 - TRAVEL	3,116
230 - CONTRACTUAL SERVICES	476,707
240 - SUPPLIES	24,185
250 - EQUIPMENT	2,819
290 - MISCELLANEOUS	200,000
363 - COMMUNICATIONS	623
450 - CAPITAL OUTLAYS	1,183,568
GENERAL FUND	**432,929**
220 - TRAVEL	7,569
230 - CONTRACTUAL SERVICES	141,633
240 - SUPPLIES	39,214
250 - EQUIPMENT	39,654
290 - MISCELLANEOUS	100,000
361 - UTILITIES - POWER	98,059
362 - UTILITIES - WATER	3,999
363 - COMMUNICATIONS	2,802
POLICE PATROL VEHICLE AND EQUP	**187,039**
230 - CONTRACTUAL SERVICES	51,454
240 - SUPPLIES	104,730
250 - EQUIPMENT	27,611
450 - CAPITAL OUTLAYS	3,243
POLICE SERVICES FUND	**282,928**
230 - CONTRACTUAL SERVICES	202,389
240 - SUPPLIES	33,672
250 - EQUIPMENT	43,227
290 - MISCELLANEOUS	3,641
SPECIAL ASSETS FORFEITURE FUND	**424,328**
220 - TRAVEL	95,109
230 - CONTRACTUAL SERVICES	94,568
240 - SUPPLIES	60,507
250 - EQUIPMENT	64,081
290 - MISCELLANEOUS	20,000

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
450 - CAPITAL OUTLAYS	90,063
TOURIST ATTRACTION	**18,896**
240 - SUPPLIES	15,781
250 - EQUIPMENT	3,115
Guam Power Authority	**213,676**
FEDERAL GRANT FUND	**213,676**
290 - MISCELLANEOUS	213,676
Guam Regional Transit Authority	**3,189,925**
FEDERAL GRANT FUND	**2,992,739**
111 - SALARIES AND WAGES - REGULAR	87,160
113 - SALARIES AND WAGES - BENEFITS	29,600
220 - TRAVEL	101
230 - CONTRACTUAL SERVICES	2,220,492
240 - SUPPLIES	9,802
250 - EQUIPMENT	114,294
290 - MISCELLANEOUS	18,790
450 - CAPITAL OUTLAYS	512,500
GUAM HIGHWAY FUND	**47,580**
230 - CONTRACTUAL SERVICES	30,396
240 - SUPPLIES	17,173
290 - MISCELLANEOUS	11
GUAM REGIONAL TRANST AUTHORITY	**149,606**
230 - CONTRACTUAL SERVICES	149,574
450 - CAPITAL OUTLAYS	32
Guam Solid Waste Authority	**692,798**
SOLID WASTE OPERATIONS FUND	**692,798**
230 - CONTRACTUAL SERVICES	282,507
240 - SUPPLIES	88,927
250 - EQUIPMENT	4,115
290 - MISCELLANEOUS	22,000
361 - UTILITIES - POWER	15,382
362 - UTILITIES - WATER	19,880
363 - COMMUNICATIONS	3,355
450 - CAPITAL OUTLAYS	256,632
Guam Visitors Bureau	**1,000,000**
HOTEL OCCUPANCY TAX SURPLUS	**1,000,000**
290 - MISCELLANEOUS	1,000,000
Guam Waterworks Authority	**663,487**
FEDERAL GRANT FUND	**663,487**
290 - MISCELLANEOUS	663,487
Hagatna Restoration and Redevelopment	**300,000**
HOTEL OCCUPANCY TAX SURPLUS	**300,000**
290 - MISCELLANEOUS	300,000
Mayors' Council of Guam	**2,228,278**
FEDERAL GRANT FUND	**59,195**
112 - SALARIES AND WAGES - OVERTIME	26,528
230 - CONTRACTUAL SERVICES	26,621
240 - SUPPLIES	6,045
GENERAL FUND	**120,705**
230 - CONTRACTUAL SERVICES	11,881
233 - BUILDING RENT	2,000
240 - SUPPLIES	20,884
250 - EQUIPMENT	513
290 - MISCELLANEOUS	42,241
361 - UTILITIES - POWER	59

See Accompanying Independent Auditors' Report.

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
362 - UTILITIES - WATER	26,270
363 - COMMUNICATIONS	16,857
LIMITED GAMING FUND	**865,279**
230 - CONTRACTUAL SERVICES	560,652
240 - SUPPLIES	84,018
250 - EQUIPMENT	22,925
290 - MISCELLANEOUS	183,686
450 - CAPITAL OUTLAYS	13,998
RECYCLING REVOLVING FUND	**11,527**
230 - CONTRACTUAL SERVICES	11,527
TERRITORIAL EDUCATION FACILITY	**78,985**
230 - CONTRACTUAL SERVICES	8,337
240 - SUPPLIES	30,191
290 - MISCELLANEOUS	33,398
450 - CAPITAL OUTLAYS	7,059
TOURIST ATTRACTION	**607,978**
230 - CONTRACTUAL SERVICES	249,373
233 - BUILDING RENT	3,419
240 - SUPPLIES	221,555
250 - EQUIPMENT	14,764
290 - MISCELLANEOUS	30,924
363 - COMMUNICATIONS	80,885
450 - CAPITAL OUTLAYS	7,059
UNRESERVED FUND BALANCE FUND	**66,137**
230 - CONTRACTUAL SERVICES	66,137
VILLAGE STREETS FUND	**418,472**
230 - CONTRACTUAL SERVICES	121,322
240 - SUPPLIES	157,601
250 - EQUIPMENT	43,217
290 - MISCELLANEOUS	13
450 - CAPITAL OUTLAYS	96,320
Office of I Maga'lahen Guahan	**35,186,710**
FEDERAL GRANT FUND	**33,583,550**
111 - SALARIES AND WAGES - REGULAR	1,320,482
112 - SALARIES AND WAGES - OVERTIME	14,085
113 - SALARIES AND WAGES - BENEFITS	468,061
220 - TRAVEL	228,946
230 - CONTRACTUAL SERVICES	16,994,639
233 - BUILDING RENT	10,815
240 - SUPPLIES	130,997
250 - EQUIPMENT	279,303
280 - SUB-RECIPIENT/GRANTS	5,722,372
290 - MISCELLANEOUS	8,352,064
361 - UTILITIES - POWER	21,752
362 - UTILITIES - WATER	11,411
363 - COMMUNICATIONS	18,840
701 - INDIRECT COST - FEDERAL	9,783
GENERAL FUND	**566,417**
111 - SALARIES AND WAGES - REGULAR	40,339
112 - SALARIES AND WAGES - OVERTIME	58,209
113 - SALARIES AND WAGES - BENEFITS	34,192
220 - TRAVEL	21,214

See Accompanying Independent Auditors' Report.

Department/Fund/Obj Class	Sum of AMOUNT
230 - CONTRACTUAL SERVICES	229,974
240 - SUPPLIES	26,008
250 - EQUIPMENT	13,596
290 - MISCELLANEOUS	17,179
361 - UTILITIES - POWER	95,630
362 - UTILITIES - WATER	21,649
363 - COMMUNICATIONS	228
450 - CAPITAL OUTLAYS	8,200
GUAM HIGHWAY FUND	**336,141**
230 - CONTRACTUAL SERVICES	336,141
HEALTHY FUTURES FUND	**655,809**
111 - SALARIES AND WAGES - REGULAR	174,104
112 - SALARIES AND WAGES - OVERTIME	37,811
113 - SALARIES AND WAGES - BENEFITS	8,895
230 - CONTRACTUAL SERVICES	434,998
TOURIST ATTRACTION	**44,794**
230 - CONTRACTUAL SERVICES	30,843
240 - SUPPLIES	3,701
250 - EQUIPMENT	10,000
290 - MISCELLANEOUS	250
Office of I Segundu Na Maga'lahen Guahan	**1,016,883**
FEDERAL GRANT FUND	**997,251**
230 - CONTRACTUAL SERVICES	754
240 - SUPPLIES	135,705
290 - MISCELLANEOUS	860,792
GENERAL FUND	**13,942**
220 - TRAVEL	13,842
363 - COMMUNICATIONS	100
INDIRECT COST FUND	**5,690**
220 - TRAVEL	3,665
230 - CONTRACTUAL SERVICES	2,025
Office of the Attorney General	**4,140,891**
CONSUMER PROTECT FUND	**472**
230 - CONTRACTUAL SERVICES	80
250 - EQUIPMENT	392
CRIMINAL INJURIES	**271,856**
230 - CONTRACTUAL SERVICES	22,795
240 - SUPPLIES	361
280 - SUB-RECIPIENT/GRANTS	248,701
FEDERAL GRANT FUND	**3,525,512**
111 - SALARIES AND WAGES - REGULAR	611,504
113 - SALARIES AND WAGES - BENEFITS	278,134
220 - TRAVEL	132,408
230 - CONTRACTUAL SERVICES	1,203,532
233 - BUILDING RENT	43,200
240 - SUPPLIES	76,851
250 - EQUIPMENT	142,941
280 - SUB-RECIPIENT/GRANTS	660,612
450 - CAPITAL OUTLAYS	376,330
GENERAL FUND	**257,923**
220 - TRAVEL	3,556
230 - CONTRACTUAL SERVICES	234,320
240 - SUPPLIES	2,320
250 - EQUIPMENT	4,506
450 - CAPITAL OUTLAYS	13,220

Schedule of Continuing Appropriations, Continued
September 30, 2018

Department/Fund/Obj Class	Sum of AMOUNT
NOTARY PUBLIC REVOLVING FUND	**79,118**
220 - TRAVEL	15,000
230 - CONTRACTUAL SERVICES	24,459
240 - SUPPLIES	13,659
250 - EQUIPMENT	10,000
450 - CAPITAL OUTLAYS	16,000
VICTIM/WITNESS TRAVEL HOUSING	**6,010**
220 - TRAVEL	5,010
230 - CONTRACTUAL SERVICES	1,000
Sanctuary Operations	**12,937**
FEDERAL GRANT FUND	**12,937**
112 - SALARIES AND WAGES - OVERTIME	2,399
113 - SALARIES AND WAGES - BENEFITS	1,028
230 - CONTRACTUAL SERVICES	9,511
Grand Total	**294,183,763**

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2018

GOVERNMENT OF GUAM
SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2018

C O N T E N T S

		PAGE
Part I.	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*	1
Part II.	Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Part III.	Schedule of Expenditures of Federal Awards:	
	Summary of Schedule of Expenditures of Federal Awards, by Grantor	7
	U.S. Department of Agriculture	8
	U.S. Department of Commerce	8
	U.S. Department of Defense	8
	U.S. Department of Housing and Urban Development	9
	U.S. Department of the Interior	9
	U.S. Department of Justice	9
	U.S. Department of Labor	10
	U.S. Department of Transportation	10
	National Foundation on the Arts and the Humanities	11
	U.S. Environmental Protection Agency	11
	U.S. Department of Energy	11
	U.S. Department of Education	11
	U.S. Department of Health and Human Services	11
	Corporation for National and Community Service	14
	U.S. Department of Homeland Security	14
	Notes to Schedule of Expenditures of Federal Awards	15
	Reconciliation of Schedule of Expenditures of Federal Awards to Basic Financial Statements	17
	Schedule of Findings and Questioned Costs	18
Part IV.	Summary of Unresolved and Resolved Questioned Costs	26
	Corrective Action Plan	27

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements, and have issued our report thereon dated June 20, 2019. Our report includes a reference to other auditors and emphasis-of-matters paragraphs for the implementation of new accounting standards and a matter regarding the GovGuam Retirement Fund. Other auditors audited the financial statements of the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust, as described in our report on GovGuam's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

For purposes of this report, our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants, and other matters did not include the Chamorro Land Trust Commission, Guam Ancestral Lands Commission, Guam Community College, the Guam Department of Education, the Guam Economic Development Authority, the Guam Educational Telecommunications Corporation, the Guam Memorial Hospital Authority, the Guam Power Authority, the Guam Visitors Bureau, the Guam Waterworks Authority, the Port Authority of Guam, the Solid Waste Operations Fund, the Guam Highway Fund, the Tourist Attraction Fund, and the University of Guam, which were all audited by us. We have issued separate reports on our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for these entities. Other auditors issued separate reports on their consideration of internal control over financial reporting and their tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the GovGuam Retirement Fund, the Antonio B. Won Pat International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Preservation Trust. The findings, if any, included in those reports are not included herein.

Deloitte.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GovGuam's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether GovGuam's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

GovGuam's Response to Findings

GovGuam's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. GovGuam's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

June 20, 2019

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam:

Report on Compliance for Each Major Federal Program

We have audited the Government of Guam's (GovGuam's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of GovGuam's major federal programs for the year ended September 30, 2018. GovGuam's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

As discussed in Note 2b to the Schedule of Expenditures of Federal Awards, GovGuam's basic financial statements include the operations of certain entities whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2018. Our audit, described below, did not include the operations of the entities identified in Note 2b as these entities conducted separate audits in accordance with the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of GovGuam's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GovGuam's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of GovGuam's compliance.

Basis for Qualified Opinion on Certain Major Federal Programs

As described in Findings 2018-002 and 2018-004 in the accompanying Schedule of Findings and Questioned Costs, GovGuam did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2018-002		SNAP Cluster	Special Tests and Provisions
2018-004	15.875	Economic, Social and Political Development of the Territories	Equipment and Real Property Management
2018-004	20.205	Highway Planning and Construction Cluster	Equipment and Real Property Management
2018-004	66.600	Environmental Protection Consolidated Grants for the Insular Areas – Program Support	Equipment and Real Property Management

Compliance with such requirements is necessary, in our opinion, for the Government of Guam to comply with the requirements applicable to those programs.

Qualified Opinion on Certain Major Federal Programs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the SNAP Cluster; CFDA 15.875 Economic, Social and Political Development of the Territories; Highway Planning and Construction Cluster; and CFDA 66.600 Environmental Protection Consolidated Grants for the Insular Areas – Program Support for the year ended September 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, GovGuam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

GovGuam's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. GovGuam's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of GovGuam is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GovGuam's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-004 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned costs as item 2018-003 to be significant deficiencies.

GovGuam's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. GovGuam's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deloitte.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise GovGuam's basic financial statements. We issued our report thereon dated June 20, 2019, which contained unmodified opinions on those financial statements and which report included a reference to other auditors and emphasis-of-matters paragraphs for the implementation of new accounting standards and a matter regarding the GovGuam Retirement Fund. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Deloitte + Touche LLP

June 20, 2019

GOVERNMENT OF GUAM

Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2018

Federal Agency	Federal Expenditures
U.S. Department of Agriculture	$ 118,313,963
U.S. Department of Commerce	2,491,682
U.S. Department of Defense	3,501,469
U.S. Department of Housing and Urban Development	336,789
U.S. Department of the Interior	20,296,239
U.S. Department of Justice	4,157,654
U.S. Department of Labor	5,487,254
U.S. Department of Transportation	28,209,138
National Foundation on the Arts and the Humanities	459,093
U.S. Environmental Protection Agency	4,146,883
U.S. Department of Energy	366,983
U.S. Department of Education	2,189,607
U.S. Department of Health and Human Services	118,586,511
Corporation for National and Community Service	1,104,161
U.S. Department of Homeland Security	4,767,488
GRAND TOTAL	$ 314,414,914

Note: All awards are received direct from the Federal agency.

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Federal Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF AGRICULTURE		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	$ 133,042	
10.170	Specialty Crop Block Grant Program	163,967	$ 163,967
10.544	Healthy Body Healthy Spirit		
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program (SNAP)	106,454,073	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	1,981,870	197,599
	Subtotal SNAP Cluster	108,435,943	197,599
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	9,256,725	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	48,967	
10.579	Child Nutrition Discretionary Grants Limited Availability	3,785	
10.664	Cooperative Forestry Assistance	271,534	
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	$ 118,313,963	$ 361,566
	U.S. DEPARTMENT OF COMMERCE		
11.307	Economic Adjustment Assistance	$ 26,406	$ 26,406
11.407	Interjurisdictional Fisheries Act of 1986	27,075	
11.419	Coastal Zone Management Administration Awards	816,682	
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	138,770	72,470
11.437	Pacific Fisheries Data Program	85,455	
11.441	Regional Fishery Management Councils	254,950	
11.454	Unallied Management Projects	1,123	
11.467	Meteorologic and Hydrologic Modernization Development	565,137	
11.472	Unallied Science Program	65,551	
11.482	Coral Reef Conservation Program	401,818	245,134
11.549	State and Local Implementation Grant Program	108,715	
	U.S. DEPARTMENT OF COMMERCE TOTAL	$ 2,491,682	$ 344,010
	U.S. DEPARTMENT OF DEFENSE		
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	$ 81,695	
12.401	National Guard Military Operations and Maintenance (O&M) Projects	2,891,550	
12.600	Community Investment	320,955	
12.607	Community Economic Adjustment Assistance for Realignment or Closure of Military Installation	206,981	
12.610	Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	288	
	U.S. DEPARTMENT OF DEFENSE TOTAL	$ 3,501,469	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
14.267	Continuum of Care Program	$ 336,789	
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	$ 336,789	
	U.S. DEPARTMENT OF THE INTERIOR		
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	$ 555,193	
15.611	Wildlife Restoration and Basic Hunter Education	630,357	
	Subtotal Fish and Wildlife Cluster	1,185,550	
15.615	Cooperative Endangered Species Conservation Fund	257,510	
15.622	Sportsfishing and Boating Safety Act	20,835	
15.634	State Wildlife Grants	69,285	
15.875	Economic, Social, and Political Development of the Territories	18,432,779	$ 13,783,511
15.904	Historic Preservation Fund Grants-In-Aid	330,280	
	U.S. DEPARTMENT OF THE INTERIOR TOTAL	$ 20,296,239	$ 13,783,511
	U.S. DEPARTMENT OF JUSTICE		
16.017	Sexual Assault Services Formula Program	$ 60,189	$ 58,782
16.527	Supervised Visitation, Safe Havens for Children		
16.528	Enhanced Training and Services to End Violence and Abuse of Women	87,549	
16.540	Juvenile Justice and Delinquency Prevention Program	32,172	
16.554	National Criminal History Improvement Program (NCHIP)	370,739	
16.575	Crime Victim Assistance	979,315	367,360
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	132	
16.582	Crime Victim Assistance/Discretionary Grants	25,538	
16.585	Drug Court Discretionary Grant Program	187,325	
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants		
16.588	Violence Against Women Formula Grants	495,602	363,157
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	78,753	
16.593	Residential Substance Abuse Treatment for State Prisoners	61,437	60,717
16.606	State Criminal Alien Assistance Program		
16.710	Public Safety Partnership and Community Policing Grants	438,024	
16.727	Enforcing Underage Drinking Laws Program	27,546	
16.738	Edward Byrne Memorial Justice Assistance Grant Program	703,438	637,665
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	7,902	5,350
16.750	Support for Adam Walsh Act Implementation Grant Program	105,486	
16.751	Edward Byrne Memorial Competitive Grant Program	23,010	23,010
16.754	Harold Rogers Prescription Drug Monitoring Program	288,151	
16.812	Second Chance Act Reentry Initiative	129,654	
16.828	Swift Certain and Fair Sanctions Program	55,692	
	U.S. DEPARTMENT OF JUSTICE TOTAL	$ 4,157,654	$ 1,516,041

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF LABOR		
17.002	Labor Force Statistics	$ 48,247	
17.005	Compensation and Working Conditions	37,285	
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	302,261	
17.801	Disabled Veterans' Outreach Program (DVOP)	132,682	
	Subtotal Employment Service Cluster	434,943	
17.235	Senior Community Service Employment Program	677,996	
	WIOA Cluster:		
17.258	WIOA Adult Program	797,759	
17.259	WIOA Youth Activities	770,043	
17.278	WIOA National Dislocated Worker Formula Grants	1,110,584	
	Subtotal WIOA Cluster:	2,678,386	
17.273	Temporary Labor Certification for Foreign Workers	57,714	
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	1,001,923	
17.281	WIOA Dislocated Worker National Reserve Technical Assistance and Training	22,887	
17.285	Apprenticeship USA Grants	212,236	
17.504	Consultation Agreements	315,637	
17.604	Safety and Health Grants		
	U.S. DEPARTMENT OF LABOR TOTAL	$ 5,487,254	
	U.S. DEPARTMENT OF TRANSPORTATION		
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	$ 26,179,553	
	Subtotal Highway Planning and Construction Cluster	26,179,553	
20.218	Motor Carrier Safety Assistance	266,077	
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	13,750	
20.500	Federal Transit Capital Investment Grants	208	
20.509	Formula Grants for Rural Areas	859,287	
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	575,905	
20.602	Occupant Protection Incentive Grants	92,628	
20.616	National Priority Safety Program	195,314	
	Subtotal Highway Safety Cluster	863,847	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	26,416	
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	$ 28,209,138	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES		
45.025	Promotion of the Arts-Partnership Agreements	$ 298,517	$ 130,925
45.310	Grants to States	160,576	
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	$ 459,093	$ 130,925
	U.S. ENVIRONMENTAL PROTECTION AGENCY		
66.600	Environmental Protection Consolidated Grants for the Insular Areas-Program Support	$ 4,087,523	80,203
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	59,360	
66.810	Chemical Emergency Preparedness and Prevention Technical Assistance Grants Programs		
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	$ 4,146,883	80,203
	U.S. DEPARTMENT OF ENERGY		
81.041	State Energy Program	$ 274,938	
81.042	Weatherization Assistance for Low-Income Persons	92,045	
	U.S. DEPARTMENT OF ENERGY TOTAL	$ 366,983	
	U.S. DEPARTMENT OF EDUCATION		
84.034	Public Library Services	$ -	
84.053	Vocational Education_State Councils	-	
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	1,701,346	
84.177	Rehab Services-Independent Living Services for Older Individuals Who are Blind	467	
84.187	Supported Employment Svcs for Individuals with the Most Significant Disabilities	7,625	
84.403	Consolidated Grant to the Outlying Areas	480,169	
	U.S. DEPARTMENT OF EDUCATION TOTAL	$ 2,189,607	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	$ 11,855	
93.042	Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	46,481	
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	25,000	$ 25,000
	BALANCE FORWARD	$ 83,336	$ 25,000

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	$ 83,336	$ 25,000
	Aging Cluster:		
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	1,106,622	
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	1,822,361	
93.053	Nutrition Services Incentive Program	413,311	
	Subtotal Aging Cluster	3,342,294	
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	93,657	
93.052	National Family Caregiver Support, Title III, Part E	379,022	
93.069	Public Health Emergency Preparedness	101,869	
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance		
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	867,425	
93.077	Family Smoking Prevention and Tobacco Control Act Regulatory Research	87,873	
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		
93.110	Maternal and Child Health Federal Consolidated Programs	52,471	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Program	1,025,758	
93.127	Emergency Medical Services for Children	95,316	
93.136	Injury Prevention and Control Research and State and Community Based Program	35,530	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	50,000	
93.189	Health Education Training Centers Continuing Educational Support for Health Professionals Serving in Underserved Communities		
93.217	Family Planning-Services		
	Health Center Program Cluster:		
93.224	Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	2,122,703	
	Subtotal Health Center Program Cluster	2,122,703	
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	2,685,486	99,766
93.268	Immunization Cooperative Agreements	1,021,582	10,000
93.283	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement		
	BALANCE FORWARD	$ 12,044,322	$ 134,766

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
	BALANCE FORWARD	$ 12,044,322	$ 134,766
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	313,369	
93.324	State Health Insurance Assistance Program	20,819	
93.369	ACL Independent Living State Grants	12,056	
	Maternal, Infant, and Early Childhood Home Visiting (MIECHV) Cluster:		
93.505	Affordable Care Act Maternal, Infant, and Early Childhood Home Visiting Program	33,598	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program	789,920	
	Subtotal MIECHV Cluster	823,518	
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	579,393	
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families	1,197,858	
	Subtotal TANF Cluster	1,197,858	
93.560	Family Support Payments to States Assistance Payments	1,120,432	
93.563	Child Support Enforcement	4,298,357	
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	5,292,805	
	Subtotal CCDF Cluster	5,292,805	
93.597	Grants to States for Access and Visitation Programs	93,908	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	266,194	
93.667	Social Services Block Grant	2,699,109	
93.735	State Public Health Approaches for Ensuring Quitline Capacity Funded in part by Prevention and Public Health Funds (PPHF)	17,257	
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	124,679	
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	309,418	
93.767	Children's Health Insurance Program	33,313,840	
	Medicaid Cluster:		
93.778	Medical Assistance Program	52,778,463	
	Subtotal Medicaid Cluster	52,778,463	
	BALANCE FORWARD	$ 115,305,797	$ 134,766

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

Federal CFDA Number	Federal Grantor/Program or Cluster Title	Expenditures	Amounts Passed Through To Subrecipients
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES BALANCE FORWARD	$ 115,305,797	$ 134,766
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for the Infectious Diseases (ELC)	113,017	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	14,328	
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	610,561	
93.917	HIV Care Formula Grants	245,069	
93.945	Assistance Program for Chronic Disease Prevention and Control	489,794	
93.958	Block Grants for Community Mental Health Services	229,546	
93.959	Block Grants for Prevention and Treatment of Substance Abuse	984,902	
93.994	Maternal and Child Health Services Block Grant to the States	593,497	
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	$ 118,586,511	$ 134,766
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
94.003	State Commissions	$ 244,260	
94.006	AmeriCorps	814,613	$ 814,613
94.009	Training and Technical Assistance	45,288	
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	$ 1,104,161	$ 814,613
	U.S. DEPARTMENT OF HOMELAND SECURITY		
97.012	Boating Safety Financial Assistance	$ 313,386	
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	2,154,159	2,039,193
97.042	Emergency Management Performance Grants	82,531	
97.047	Pre-Disaster Mitigation	421,856	307,059
97.067	Homeland Security Grant Program	1,795,556	
	U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	$ 4,767,488	2,346,252
	TOTAL EXPENDITURES OF FEDERAL AWARDS	$ 314,414,914	$ 19,511,887

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2018

1. Scope of Audit

The Government of Guam (GovGuam) is a governmental entity established by the 1950 Organic Act of Guam (the Act), as amended, and has the powers of a body corporate, as defined in the Act and local statutes. All significant operations of the Government of Guam are included within the scope of the audit. The U.S. Department of the Interior has been designated as the Government of Guam's cognizant agency for the Single Audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of GovGuam under programs of the federal government for the year ended September 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of GovGuam, it is not intended to and does not present the financial positions or changes in financial positions of GovGuam.

3. Summary of Significant Accounting Policies

a. Basis of Accounting:

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, consistent with the manner in which the Government of Guam maintains its accounting records. This includes earned reimbursements under different formula grants and entitlement programs that are accounted for as revenues in the General Fund of the Government of Guam and Supplemental Nutrition Assistance Program (SNAP) electronic benefits transfer (EBT) during the period. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. GovGuam does not elect to use the de minimis indirect cost rate allowed under the Uniform Guidance.

b. Reporting Entity:

For purposes of complying with The Single Audit Act of 1984, as amended in 1996, GovGuam’s reporting entity is defined in Note 1A to its September 30, 2018 basic financial statements; except that the Guam Department of Education, the GovGuam Retirement Fund, and all of the discretely presented component units are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards presents the federal award programs administered by GovGuam, as defined above, for the year ended September 30, 2018.

3. Summary of Significant Accounting Policies, Continued

The federal expenditure totals for the excluded departments and component units as of September 30, 2018, are as follows:

Department or Component Unit		Federal Expenditure Total
Antonio B. Won Pat International Airport Authority	$	8,341,384
GovGuam Retirement Fund	$	-
Guam Community College	$	10,649,258
Guam Department of Education	$	68,193,564
Guam Economic Development Authority	$	82,981
Guam Educational Telecommunications Corporation	$	-
Guam Housing and Urban Renewal Authority	$	41,402,179
Guam Housing Corporation	$	-
Guam Memorial Hospital Authority	$	3,076,595
Guam Power Authority	$	1,333,232
Guam Preservation Trust	$	-
Guam Visitors Bureau	$	-
Guam Waterworks Authority	$	15,139,749
Port Authority of Guam	$	13,492,867
University of Guam	$	29,354,902

The Government of Guam administers certain federal awards programs through subrecipients. Those subrecipients are also not considered part of the Government of Guam reporting entity.

c. Cost Allocation:

The Government of Guam has a plan for the allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2018 federal awards programs are based on 2018 actual expenditures and caseloads.

d. Matching Costs:

The non-Federal shares of programs are not included in the accompanying Schedule of Expenditures of Federal Awards.

4. Noncash Awards

Certain federal award programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, electronic benefit payments under the Supplemental Nutrition Assistance Program (SNAP), and loans. For the year ended September 30, 2018, the Government of Guam had the following noncash award:

U.S. Department of Agriculture CFDA #10.551		
SNAP EBT payments	$	106,449,157
Total SNAP EBT payments reported on the Schedule of Expenditures of Federal Awards	$	106,449,157

GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to
Basic Financial Statements
Year Ended September 30, 2018

CFDA #		2018 Expenditures
Federal Grants Assistance Fund:		
	Total expenditures	$ 338,929,680
	Less transfers in from other funds	(33,949,553)
	Plus transfers out to other funds	7,661,550
	Federal expenditures, transfers, and other uses	312,641,677
	Less rebates included in revenues – intergovernmental	(1,525,935)
	Superior Court of Guam:	
16.554	National Criminal History Improvement Program (NCHIP)	369,953
16.585	Drug Court Discretionary Grant Program	187,325
16.750	Support for Adam Walsh Act Implementation Grant Program	105,125
16.812	Second Chance Act Reentry Initiative	129,654
16.828	Swift Certain and Fair Sanctions Program	55,692
84.403	Consolidated Grant to the Outlying Areas	480,169
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	97,668
	Fund 105 Community Health Centers:	
93.224	Health Centers Program	2,122,703
	Variance	(249,117)
	Total Federal Expenditures Subject to Audit	$ 314,414,914

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2018

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Section I - Summary of Auditors' Results

Financial Statements

1. Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

2. Material weakness(es) identified? Yes
3. Significant deficiency(ies) identified? None reported

4. Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

5. Material weakness(es) identified? Yes
6. Significant deficiency(ies) identified? Yes

7. Type of auditors' report issued on compliance for major federal programs:
   - SNAP Cluster: Qualified
   - CFDA # 15.875: Qualified
   - Highway Planning and Construction Cluster: Qualified
   - CFDA # 66.600: Qualified
   - All other major programs: Unmodified

8. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

9. Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
	SNAP Cluster:
10.551	Supplemental Nutrition Assistance Program (SNAP)
10.561	State Administrative Matching Grants for the SNAP
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
15.875	Economic, Social and Political Development of the Territories
	Highway Planning and Construction Cluster:
20.205	Highway Planning and Construction
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support
	CCDF Cluster:
93.575	Child Care and Development Block Grant
93.767	Children's Health Insurance Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2018

Section I - Summary of Auditors' Results, Continued

10. Dollar threshold used to distinguish between Type A and Type B Programs:	$3,000,000
11. Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Reference Number	Finding
2018-001	General Ledger and SEFA Reconciliations
2018-004	Capital Assets

Section III - Federal Award Findings and Questioned Costs

Reference Number	CFDA Number	Finding	Questioned Costs
2018-002	10.551/10.561	Special Tests and Provisions – EBT Reconciliation	$ -
2018-003	15.875	Procurement and Suspension and Debarment	549,023
2018-004	15.875	Equipment and Real Property Management	-
2018-004	20.205	Equipment and Real Property Management	-
2018-004	66.600	Equipment and Real Property Management	-
		Total Federal Questioned Costs	$ 549,023

Finding No: 2018-001
Area: General Ledger and Schedule of Expenditures of Federal Awards Reconciliations

Criteria:

General ledger balances should be timely reconciled to the subsidiary ledger or supporting details and reviewed for ongoing pertinence. The Schedule of Expenditures of Federal Awards (SEFA) should present all amounts passed through to subrecipients.

Condition:

1. Reconciliation between the general ledger and the subsidiary ledgers should be timely performed for receivables from federal agencies, payables to federal agencies and income from federal grants. A $104.5M overstatement on the subsidiary ledger of amounts due to and from federal agencies provided on May 31, 2019 was identified. An unreconciled variance of $551K was noted and included in the summary of uncorrected misstatements.

2. Approximately $7.8M of expenditures were not reconciled between the general ledger and the SEFA provided May 31, 2019. An updated SEFA was provided on June 6, 2019, reducing the variance to $26K.

3. Recorded expenditures related to subrecipient transactions were not presented in the SEFA that was provided on February 15, 2019 and May 31, 2019, as follows:

	Per SEFA	Per AS400	Understatement
CFDA 15.875 Expenditures	$11,771,229	$18,432,779	$ (6,661,550)
Amounts to Subrecipients	$ 5,392,322	$19,511,887	$(14,119,565)

The SEFA provided on June 6, 2019 presented the accurate expenditures and subrecipient transactions.

Cause:

Timely reconciliations were not performed, and monitoring controls over the completeness of the SEFA were not effective in detecting and correcting understatements relative to expenditures and subrecipient transactions.

Effect:

The aforementioned accounts and SEFA amounts were misstated.

Recommendation:

We recommend management reconcile general ledger accounts with corresponding subsidiary ledgers at least monthly or quarterly. Furthermore, the Division of Accounts should assess whether additional personnel well-versed in accounting reconciliations and in SEFA preparation may be required to allow for accurate and complete financial reporting.

Views of Auditee and Planned Corrective Actions:

The Government of Guam describes corrective actions in the Corrective Action Plan.

Finding No.: 2018-002
Federal Agency: U.S. Department of Agriculture
CFDA Program: 10.551/10.561 SNAP Cluster
Federal Award No.: 187GUGU4S2514
Area: Special Tests and Provisions – EBT Reconciliation
Questioned Costs: $0

Criteria:

In accordance with applicable special tests and provisions requirements, States must have systems in place to reconcile all of the funds entering into, exiting from, and remaining in the system each day with the State's benefit account with Treasury and electronic benefits transfer (EBT) contractor records. This includes a reconciliation of the State's issuance files of postings to recipient accounts with the EBT contractor.

Condition:

Of twenty-eight reconciliation dates tested, six dates (or 21%) lacked timely reconciliations, averaging 82 days delayed and ranging from 11 to 169 days delayed. For fourteen dates (or 50%), the reconciliation data contained no dates relative to signoffs, system extractions, or printing, etc., to substantiate whether the daily reconciliation occurred.

Cause:

Government of Guam management did not effectively monitor compliance with applicable EBT reconciliation requirements.

Effect:

The Government of Guam is in noncompliance with applicable special tests and provisions requirements for the EBT reconciliation. A potential misstatement of federal expenditures within the Schedule of Expenditures of Federal Awards and basic financial statements or related disclosures could exist undetected and uncorrected for as long as 5 months. No questioned cost is presented as ending year balances between the State and the EBT contractor are reconciled.

Identification as a Repeat Finding: Finding 2017-002

Recommendation:

Government of Guam management should more closely monitor the EBT reconciliation process so that the required daily reconciliations are completed in accordance with applicable special tests and provisions requirements. If reconciliations are not feasible on a daily basis, the responsible personnel should consider seeking approval from the Grantor agency for an alternative reconciliation schedule.

Views of Auditee and Planned Corrective Actions:

The Government of Guam describes corrective actions in the Corrective Action Plan.

Finding No.: 2018-003
Federal Agency: U.S. Department of the Interior
CFDA Program: 15.875 Economic, Social, and Political Development of the Territories
Federal Award No.: D17AF00038
Area: Procurement and Suspension and Debarment
Questioned Costs: $549,023

Criteria:

In accordance with applicable procurement and suspension and debarment requirements, emergency procurement is allowable when there exists a threat to public health, welfare, or safety under emergency conditions as declared or approved by the Governor.

Condition:

For one (or 4%) of 24 transactions tested, aggregating $12.8 million out of $13.8 million in total non-payroll program expenditures, emergency procurement was used to procure food services for Department of Correction inmates after an existing contract expired in March 2018. Emergency procurement procedures were initiated for April 2018 food services and subsequently extended to cover May 2018 and June 2018. However, the procurement file does not contain sufficient documentation to substantiate existing emergency conditions that prevented formal bid procedures in advance of the known March 2018 contract expiration date.

Transaction No.	Date	Vendor No.	Prior Reference	Amount Tested	FY 2018 Expenditures
0654829	08/17/18	B0012200	P186E00250	$ 265,479	$ 549,023

Cause:

The Government of Guam did not effectively plan for the expiration of an existing contract and did not enforce compliance with applicable procurement requirements.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. Questioned costs of $549,023 exist.

Identification as a Repeat Finding: 2017-003

Recommendation:

Program personnel should closely monitor the expiration dates of existing large contracts and should commence procurement procedures in sufficient time to allow for formal bid procedures accordingly. Furthermore, the responsible procurement personnel should enforce compliance with applicable procurement requirements.

Views of Auditee and Planned Corrective Actions:

The Government of Guam describes corrective actions in the Corrective Action Plan.

Finding No.:	2018-004
CFDA Program:	15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program:	20.205 DOT Highway Planning and Construction
CFDA Program:	66.600 EPA Environmental Protection Consolidated Grants for the Insular Areas - Program Support
Area:	Equipment and Real Property Management
Area:	Capital Assets
Questioned Costs:	$0

Criteria:

1. In accordance with the applicable equipment management requirements, grantees that acquire equipment with Federal funds are required to perform a physical inventory of the property and reconcile results with property records at least once every two years. Such property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data, including the date of disposal and sale price of the property. In addition, adequate maintenance procedures must be established to keep the property in good condition.

2. Reconciliation with inventory records, capital asset ledgers and the general ledger should be timely performed.

3. Capital assets should be reviewed for ongoing pertinence to minimize the opportunity for misstatements and to identify retired assets that have been replaced, disposed, or that have no further value or use.

4. Capital assets should be recorded in accordance with the applicable capitalization policy.

Condition:

1. Government of Guam performed the required comprehensive physical inventory of its property in January 2016; however, the required reconciliation was not completed. As of September 30, 2018, the required biannual physical inventory and reconciliation were not performed.

   We are unable to assess the overall cumulative monetary value of this deficiency. However, the table below summarizes each Government of Guam FY 2018 major program that has a level of total capital outlays over the past five years that is material to the major program.

Program CFDA #s		2018 Purchases	2017 Purchases	2016 Purchases	2015 Purchases	2014 Purchases	Total
15.875	$	1,886,709	2,338,541	4,704,637	4,744,016	2,420,836	16,094,739
20.205	$	66,080	672,394	937,606	204,102	625,334	2,505,516
66.600	$	66,098	44,775	121,799	-	202,311	434,983

2. Reconciliation of capital assets was continuously ongoing 8 months after fiscal year end with numerous post-closing adjustments recorded to adjust capital assets.

3. Construction costs are not easily identifiable by project. The capital asset subsidiary ledger included details of transactions from the general ledger and were not organized in a manner that can be identified by project.

Finding No.:	2018-004, Continued
CFDA Program:	15.875 DOI Economic, Social and Political Development of the Territories
CFDA Program:	20.205 DOT Highway Planning and Construction
CFDA Program:	66.600 EPA Environmental Protection Consolidated Grants for the Insular Areas - Program Support
Area:	Equipment and Real Property Management
Area:	Capital Assets
Questioned Costs:	$0

Cause:

The processes over inventory, maintenance and reconciliation of capital assets are not routine. Government of Guam requires more funding and human resources to fully develop a reliable equipment management system.

Effect:

The Government of Guam is in noncompliance with applicable equipment management requirements. The underlying capital outlays are not considered questioned costs as we are unable to quantify the extent of noncompliance. This noncompliance applies to the following major programs, for which cumulative capital outlays over the past five years exceed FY 2018 materiality levels, respectively: CFDA numbers 15.875, 20.205, and 66.600.

Identification as a Repeat Finding: 2017-007

Recommendation:

The Government of Guam should complete the required biannual physical inventory and reconciliations during FY 2019 and should consider developing a more detailed corrective action plan with timetables for completing planned actions, such as requesting Federal assistance, processing required reconciliations and reports, training personnel, and coordinating with other governmental units on property management requirements.

Views of Auditee and Planned Corrective Actions:

The Government of Guam describes corrective actions in the Corrective Action Plan.

GOVERNMENT OF GUAM

Summary of Unresolved and Resolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2018

	Prior Year Listed Unresolved Questioned Costs	Questioned Costs Resolved During the Year	End of Year
Unresolved Questioned Costs FY 16	$ 432,056	$ 367,705	$ 64,351
Unresolved Questioned Costs FY 17	135,451	54,400	81,051
	$ 567,507	$ 422,105	145,402
Add Questioned Costs for FY 2018			549,023
Total Unresolved Questioned Costs at September 30, 2018			$ 694,425

Unresolved Questioned Costs by CFDA Program:

CFDA #	Program Name	2018	2017	2016	Total
15.875	DOI	$ 549,023	$ 61,500	$ 63,385	$ 673,908
66.600	EPA	-	11,069	-	11,069
93.224	Health Center Program	-	-	966	966
93.778	Medicaid	-	8,482	-	8,482
	Totals	$ 549,023	$ 81,051	$ 64,351	$ 694,425

DEPARTMENT OF ADMINISTRATION
DIPATTAMENTON ATMENESTRASION

LOURDES A. LEON GUERRERO, *Governor (Maga'hâga)*
JOSHUA F. TENORIO, *Lt. Governor (Sigundo Maga'lâhi)*

EDWARD M. BIRN
Director (Direktot)
EDITH C. PANGELINAN
Deputy Director (Sigundo Direktot)

DIRECTOR'S OFFICE (*Ufisinan Direktot*)

June 19, 2019

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913

Provided below is Government of Guam's Corrective Action Plan for Findings noted on Government of Guam's Single Audit Report for Year Ended September 30, 2018.

Finding No.: 2018-001

Responding Agency: Department of Administration

Responsible personnel: Director or Designee

Management will perform quarterly reconciliations for the general ledger and the subsidiary receivables from federal agencies, payables to federal agencies and income from federal grants. The first quarterly reconciliation will be for the quarter ending June 30, 2019. Assigned Division of Accounts personnel will be given proper training in SEFA preparation.

Finding No.: 2018-002

Responding Agency: Department of Public Health and Social Services / Department of Administration

Responsible personnel: Director of the Department of Public Health and Social Services or Designee

DPHSS Response:
The BES Issuance Section Program Coordinator II is responsible for the EBT reconciliation. There is also a Program Coordinator IV who oversees the BES Issuance Section and a Human Services Program Administrator who oversees BES.

Although, it cannot be proved that the reconciliation was done daily, we disagree with the averaged 82 days delayed and ranging from 11 to 169 days delayed. The Food and Nutrition Service (FNS), in

addition to a daily reconciliation, also requires Guam to submit an FNS-388 report monthly. The daily reconciliation data is used to complete this monthly FNS-388 report.

At the time this audit was conducted, the BES Issuance Section did not have a written procedure in place that identifies the frequency of performing the EBT reconciliations. Effective June 1, 2019, a Standard Operating Procedure (SOP) has been established and implemented by the BES Issuance Section. The Program Coordinator IV and BES Human Services Program Administrator are responsible for monitoring and ensuring that the SOP is followed and a daily reconciliation is performed.

DOA Response:
Department of Administration's management will perform periodic assessments on the EBT reconciliation process to ensure that mandated daily reconciliations are completed.

Finding No.: 2018-003

Responding Agency:	Department of Administration
Responsible personnel:	Director, Department Corrections/ Director, Department of Administration

Management will perform a review of all existing contracts and closely monitor expiration dates to assist program personnel to ensure timely commencement of procurement procedures to allow for formal bid procedures. Procurement personnel will continue to enforce compliance with applicable procurement requirements.

A Legislative bill has been introduced which defines more clearly what constitutes an emergency procurement for the Government of Guam. Department of Administration supports this bill, but notes that certain emergency procurements in FY2019 may be the subject of Findings in the Single Audit for that period. The Procurement Policy Office, reactivated by the Governor under Executive Order 2019-10 is also considering this issue, particularly for circumstances when delays are attributable to administrative processes.

Finding No.: 2018-004

Responding Agency:	Department of Administration
Responsible personnel:	Director or Designee

Government of Guam Department of Administration's Division of Accounts obtained funding assistance from the U.S. Department of Interior, Office of Insular Affairs Technical Assistance Program to upgrade current Fixed Asset Software and Hardware and/or procure an Asset Management Program to better track construction projects by percentage of completion and capital assets. Funding will provide additional resources i.e, computers/ dual screens to enhance efficiency in providing necessary reports required, transportation requirements, and training for Fixed Asset personnel as it pertains to compliance with federal and state regulations so that personnel assigned are well versed on providing guidance to agencies.

Post-closing adjustments recorded to adjust capital balances were necessary to ensure reconciliation of capital assets with the general ledger. Perform quarterly review / reconciliation of capital assets to ensure assets are recorded in accordance with applicable capitalization policy.

Biannual physical inventory to be completed by end of FY19.

- Agencies will be required to provide DOA with the following by 15 July 2019
  - i. Assigned Property Custodian
  - ii. Confirm/Verify accountable assets
  - iii. Personnel assigned to the asset
  - iv. Location
  - v. Current condition
  - vi. Maintenance documentation as applicable
  - vii. Identify retired assets
  - viii. Provide supporting documents of disposition

DOA to conduct training to all assigned property custodians

- Initial and annual refresher training will be documented

DOA will work with non-component unit government agencies, departments, or divisions to obtain their capital assets reports timely to so that it will be included in the Capital Asset report.

Edward M Birn
Director

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

June 20, 2019

Mr. Edward Birn
Director
Department of Administration
Government of Guam
P.O. Box 884
Hagatna, GU 96910

Dear Mr. Birn:

In planning and performing our audit of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) for the year ended September 30, 2018, which collectively comprise GovGuam's basic financial statements (on which we have issued our report dated June 20, 2019 and which includes a reference to other auditors and emphasis-of-matters paragraphs for the implementation of new accounting standards and a matter regarding the Retirement Fund), in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, we considered GovGuam's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting. However, in connection with our audit, we identified, and included in the attached Appendix I, other matters involving GovGuam's internal control over financial reporting as of September 30, 2018 that we wish to bring to your attention.

We have also issued a separate report to the Governor of Guam, also dated June 20, 2019, on our consideration of GovGuam's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The definition of a deficiency is also set forth in the attached Appendix I.

A description of the responsibility of management for establishing and maintaining internal control over financial reporting and of the objectives of and inherent limitations of internal control over financial reporting, is set forth in the attached Appendix II and should be read in conjunction with this report.

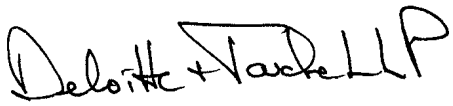
This report is intended solely for the information and use of the management of GovGuam and the Office of Public Accountability and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

We will be pleased to discuss the attached comments with you and, if desired, to assist you in implementing any of the suggestions.

Deloitte.

We wish to thank the staff and management of the GovGuam for their cooperation and assistance during the course of this engagement.

Very truly yours,



SECTION I – OTHER MATTERS

We identified, and have included below, other matters involving GovGuam's internal control over financial reporting as of September 30, 2018 that we wish to bring to your attention:

A. DEPARTMENT OF REVENUE AND TAXATION (DRT)

Income Tax Refund Liability

Comment: The income tax provision for the 2018 refund liability was determined using the same assumptions as for tax year 2017, and did not incorporate an analysis of the impact of the Tax Cuts and Jobs Act (TCJA). Due to the significant limitation of human resources and the manual nature of the income tax processing system, DRT was only able to process 18% of total expected 2018 returns as of May 16, 2019. Accordingly, a robust analysis by DRT of the impact of the TCJA on the 2018 refund liability, if any, was not possible. Based on tax year 2017 statistics, approximately 90% of returns were filed through April 30, 2018. While this processing rate compares with that of the prior year, given the change in the tax laws, DRT was not able to use historical data in formulation of the calculation in the same manner as in the prior year, which required processing through May 16, 2019 to allow for an estimate to be supported.

Recommendation: We recommend GovGuam consider prioritizing the modernization of tax processing systems. Implementation of mandatory e-filing of certain tax returns may improve efficiency in processing and facilitating the production of more timely and accurate information for analysis. Such a process may reduce the need for storage space and research time to retrieve tax forms and allow for reassignment of personnel to revenue enhancing procedures. Additionally, DRT should be provided with sufficient human resources to facilitate the timely processing and examination of income tax returns.

Auditee Response: DRT acknowledges your comment reflecting the difficulty in determining the Income Tax Liability. We also recognize the need for modernizing our tax processing system and remain committed to promoting methods towards improving efficiency and accuracy of our tax data.

B. GENERAL SERVICES AGENCY

Inventory

Comment: As of September 30, 2018, $5M of fuel and supplies was recorded; however, inventory records to support this balance was as of January 29, 2019.

No physical inventory has been performed.

Prior year status: The above condition is reiterative of conditions identified in the prior year audit; however, management has made efforts to reconcile related accounts during FY2018.

Recommendation: We recommend a physical inventory be performed at least every two years for ongoing pertinence and a September 30, 2018 reconciliation should be performed.

C. CUSTOMS AND QUARANTINE

Absence of a Signed Lease Agreement

Comment: Rental and administrative fees charged to Customs & Quarantine of $3.1M were not supported by a signed lease agreement.

Recommendation: We recommend a lease agreement or relevant documentation be updated to document that expenses are properly approved and supported.

D. UNIFIED COURTS

Monitoring of Probation Accounts

Comment: The status of probation cases should be timely monitored to allow for the issuance of official court orders for the closure and write-off of uncollectible accounts. The related allowance is $5.3M, which includes expired probation cases that have had no movement for more than ten years. The non-collection has had minimal impact on the Government of Guam as the majority of the balance accrued is payable to the associated victim.

Recommendation: We recommend the status of probation cases be monitored to allow for legal and timely write-off of expired probation cases.

SECTION II – DEFINITION

The definition of a deficiency is as follows:

A *deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed, or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

MANAGEMENT'S RESPONSIBILITY FOR, AND THE OBJECTIVES AND INHERENT LIMITATIONS OF, INTERNAL CONTROL OVER FINANCIAL REPORTING

The following comments concerning management's responsibility for internal control over financial reporting and the objectives and inherent limitations of internal control over financial reporting are adapted from auditing standards generally accepted in the United States of America.

Management's Responsibility

GovGuam's management is responsible for the overall accuracy of the financial statements and their conformity with accounting principles generally accepted in the United States of America. In this regard, management is also responsible for establishing and maintaining effective internal control over financial reporting.

Objectives of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Control over Financial Reporting

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96913
USA

Tel: +1 (671) 646-3884
Fax: +1 (671) 649-4265

www.deloitte.com

June 20, 2019

Honorable Lourdes A. Leon Guerrero
Governor
Government of Guam

Dear Governor Leon Guerrero:

We have performed an audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and have issued our report thereon dated June 20, 2019.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of GovGuam is responsible.

This report is intended solely for the information and use of the management of GovGuam, the Office of Public Accountability, federal awarding agencies, pass-through entities, and others within the GovGuam organization and is not intended to be and should not be used by anyone other than these specified parties. However, this report is also a matter of public record.

Very truly yours,

Deloitte + Touche LLP

cc: The Management of Government of Guam

Deloitte.

OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Our responsibility under generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, has been described in our engagement letter dated September 25, 2018. As described in that letter, the objective of a financial statement audit conducted in accordance with the aforementioned standards are:

- To express an opinion on the fairness of the presentation of GovGuam's financial statements and the accompanying supplementary information, in relation to the financial statements as a whole, for the year ended September 30, 2018 (the "financial statements"), in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") in all material respects, and to perform specified procedures on the required supplementary information for the year ended September 30, 2018.

- To express an opinion on whether the supplementary information that accompanies the financial statements, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the financial statements taken as a whole;

- To report on GovGuam's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended September 30, 2018, based on an audit of financial statements performed in accordance with standards applicable to financial audits contained in generally accepted government auditing standards; and

- To report on GovGuam's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Title 2 U.S. *Code of Federal Regulation*s Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared with the oversight of management and the Office of the Governor are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management or the Office of the Governor of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to GovGuam's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of GovGuam's internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses

We also considered GovGuam's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance. Our audit does not, however, provide a legal determination of GovGuam's compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES

GovGuam's significant accounting policies are set forth in Note 1 to GovGuam's 2018 financial statements. During the year ended September 30, 2018, there were no significant changes in previously adopted accounting policies or their application, except for the following pronouncements implemented by GovGuam:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The implementation of this statement has no impact on GovGuam's governmental fund financial statements, which continue to report expenditures in the amount contractually required. However, implementation has resulted in the restatement of GovGuam's fiscal year 2017 government-wide financial statements to reflect the reporting of an OPEB liability, deferred inflows of resources, and deferred outflows of resources for its qualified OPEB plan and the recognition of OPEB expense in accordance with the provisions of GASB Statement No. 75. Net position as of October 1, 2017 for governmental activities, fiduciary component units and discretely presented component units decreased by $1,541,331,181, $10,927,527 and $705,149,415, respectively, as a result of the implementation of GASB Statement No. 75.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

- GASB Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt.

Except for GASB Statement No. 75, the implementation of these statements did not have a material effect on GovGuam's financial statements.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether implementation of this statement will have a material effect on the financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions in Statement No. 88 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61,* which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

We have evaluated the significant qualitative aspects of the GovGuam's accounting practices, including accounting policies, accounting estimates and financial statement disclosures and concluded that the policies are appropriate, adequately disclosed, and consistently applied by management.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared with the oversight of management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in GovGuam's 2018 financial statements include management's estimate of the allowance for uncollectible accounts, which is determined based on management's evaluation of the collectability of current accounts and historical trends, management's estimate of the provision for tax refunds, which is determined based on periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. During the year ended September 30, 2018, there were no significant changes in accounting estimates or in management's judgements relating to such estimates other than the effect of adopting Government Accounting Standards Board (GASB) Statement No. 75 on other post-employment benefits related estimates as stated below.

UNCORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. We have attached to this letter, as Appendix A, Appendix B and Appendix C to Attachment II, summaries of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest and prior period presented and passed disclosures that we presented to management during the current audit engagement that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

CORRECTED MISSTATEMENTS

Our audit of the financial statements was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. As the result of our audit work, we identified matters that resulted in audit adjustments that we believe, either individually or in the aggregate, would have a significant effect on GovGuam's financial reporting process. Such adjustments, listed in Attachment I, were brought to the attention of management as a result of our audit procedures and were corrected by management during the current period and are reflected in the 2018 financial statements.

Deloitte.

DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the GovGuam's 2018 financial statements.

OUR VIEWS ABOUT SIGNIFICANT MATTERS THAT WERE THE SUBJECT OF CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2018.

SIGNIFICANT FINDINGS OR ISSUES DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT PRIOR TO OUR RETENTION

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

OTHER SIGNIFICANT FINDINGS OR ISSUES ARISING FROM THE AUDIT DISCUSSED, OR SUBJECT OF CORRESPONDENCE, WITH MANAGEMENT

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Office of the Governor.

SIGNIFICANT DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of GovGuam's management and staff and had unrestricted access to GovGuam's senior management in the performance of our audit.

MANAGEMENT'S REPRESENTATIONS

We have made specific inquiries of GovGuam's management about the representations embodied in the financial statements. In addition, we have requested that management provide to us the written representations GovGuam is required to provide to its independent auditors under generally accepted auditing standards. We have attached to this letter, as Attachment II, a copy of the representation letter we obtained from management.

EMPHASIS OF MATTER

As discussed in Note 1X to the financial statements, effective October 1, 2017, GovGuam adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* which resulted in the restatement of beginning net position of governmental activities, fiduciary component units and the aggregate discretely presented component units. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the beginning net position of governmental activities and the aggregate discretely presented component units have been restated to correct an error. Our opinion is not modified with respect to this matter.

Deloitte.

CONTROL-RELATED MATTERS

We have issued a separate report to you, dated June 20, 2019, on GovGuam's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, which was based upon the audit performed in accordance with *Government Auditing Standards*. Within that report, we noted certain matters that were considered to be material weaknesses under standards established by the American Institute of Certified Public Accountants. We have also issued a separate report to you, also dated June 20, 2019, involving GovGuam's compliance with requirements applicable to each major program and on internal control over compliance in accordance with the Uniform Guidance.

We have communicated to management, in two separate letters both dated June 20, 2019, certain deficiencies and other matters related to GovGuam's internal control over financial reporting and GovGuam's internal control over it's information technology environment that we identified during our audit.

Although we have included management's written responses to our comments, such responses have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

* * * * * *

Government of Guam
Summary of Corrected Misstatements
September 30, 2018

GENERAL FUND

#	Name	Debit	Credit
	1 AJE To record permanent transfer from General Fund		
110071110TOA	EXPENDITURES - TRANSFERS OUT	11,372,974	
329350100	TRANSFER IN		680,000
361750100	TRANSFERS IN FROM GENERAL FUND		5,175,650
365950100	TRANSF IN FR GF (GMHA MEDICD)		5,517,324
		11,372,974	11,372,974
	2 AJE To record transfers from Fund 355 to Fund 363		
135571110TOF	TRANSFER OUT	2,843,990	
336350100	TRANSFER IN - GF		2,843,990
		2,843,990	2,843,990

FEDERAL GRANTS ASSISTANCE FUND

#	Name	Debit	Credit
	1 AJE To adjust GASB 18 Accrual Ordot		
310151272L	STATE OFFICE 9504GU4013	1,864	
310150000	REVENUES		88,863
110141110	FUND BALANCE	86,999	
		88,863	88,863

OTHER GOVERNMENTAL FUNDS

#	Name	Debit	Credit
	1 AJE To adjust GASB 18 Accrual Ordot		
135321165	GASB 18 LANDFILL LIABILITY		5,838,367
135315675	AMT TO BE PROVIDED FOR LANDFIL	5,838,367	
		5,838,367	5,838,367

GOVERNMENT-WIDE

#	Name	Debit	Credit
	1 AJE To adjust GDOE Capital leases		
135315672	GDOE CAPITAL LEASE PREPAYMENTS		535,833
135315673	GDOE MAINT & INSURANCE RESERVE		250,000
135315671	GDOE AMT TO BE PROV-CAP LEASES	18,903,425	
135321220	NOTES PAYABLE-TIYAN PROPERTIES		24,507,591
135321225	GDOE CAPITAL LEASES	6,389,999	
		25,293,424	25,293,424
	2 AJE To adjust GASB 68/73		
135324005	DEFERRED INFLOWS FROM PENSIONS		39,039,161
135322005	NET PENSION LIABILITY	112,632,201	
135316820	DEFERRED OUTFLOWS FR PENSIONS	3,631,486	
135316819	AMT TO BE PROV FOR PENSIONS		77,224,526
		116,263,687	116,263,687
	3 AJE To adjust capital assets		
139018339	ALWS FOR DEPN-EQPT CONDEMNATIO	10,646,904	
139042200	INVESTMENT IN FIXED ASSETS-FED		10,646,520
139018500	CONSTRUCTION IN PROGRESS		384
		10,646,904	10,646,904
	4 AJE To adjust OPEB liability		
1353156821	AMT TO BE PROV FOR OPEB	1,648,470,099	
1353156822	DEFERRED OUTFLOWS FR OPEB	166,529,765	
135322006	OPEB LIABILITY		1,669,874,024
135324006	DEFERRED INFLOWS FROM OPEB		145,125,840
		1,814,999,864	1,814,999,864

Government of Guam
Summary of Corrected Misstatements
September 30, 2018

GOVERNMENT-WIDE, CONTINUED

#	Name	Debit	Credit
	5 AJE To adjust GASB 18 Accrual Ordot		
135321165	GASB 18 LANDFILL LIABILITY		5,838,367
135315675	AMT TO BE PROVIDED FOR LANDFIL	5,838,367	
		5,838,367	5,838,367
	6 AJE To record bond related long-term amounts		
	DEFERRED LOSS ON REFUNDING	100,468,307	
	PREMIUM ON BONDS ISSUED		92,446,571
	DISCOUNT ON BONDS ISSUED	1,854,089	
	ACCRUED INTEREST ON BONDS PAYABLE		16,051,251
	AMOUNT TO BE PROVIDED FOR BONDS	6,175,426	
		108,497,822	108,497,822

We reviewed the above adjustments summarized above and agree that they should be presented as of September 30, 2018. These journal entries are the results of error and not the results of fraud, irregularities, or illegal acts.

Gaudencio Rosario
Deputy Financial Manager
Department of Administration

Government of Guam
Summary of Corrected Misstatements
September 30, 2018

PUBLIC DEFENDER SERVICE CORPORATION (PDSC)- OPERATIONS			
#	**Name**	**Debit**	**Credit**
	1 AJE To reconcile opening net position		
5008-100	Miscellaneous - Operations	4,738.82	
7001-100	Beginning Fund Balance - Operations		4,738.82
		4,738.82	4,738.82
	2 AJE To reconcile appropriations		
1003-100	Accounts Receivable - Operations	299,768.00	
6001-100	Transfers In - Operations (CK0656734)		299,768.00
		299,768.00	299,768.00

PDSC ALTERNATE PUBLIC DEFENDER (APD)			
#	**Name**	**Debit**	**Credit**
	1 AJE To reconcile opening net position		
7001-103	Beginning Fund Balance - APD	436.42	
5008-103	Miscellaneous - APD		436.42
		436.42	436.42
	1 CAJE To reconcile opening net position*		
6002-103	Transfers in -Guam Judicial - APD	181,848.63	
7001-103	Beginning Fund Balance - APD		181,848.63
		181,848.63	181,848.63

*Recorded by PDSC/APD

We reviewed the proposed audit adjustments and reclassifications summarized above and agree that they should be presented as of September 30, 2018. These adjusting journal entries are the results of error and not the results of fraud, irregularities, or illegal acts.

for 3.24.19

Michael Moreno
Chief Fiscal Officer

Government of Guam
Unified Courts
Fiscal year ended September 30, 2018

Fiduciary Fund			
#	**Name**	**Debit**	**Credit**
	1 AJE To reconcile beginning fund balance		
25-EXP	Expenditures	1,845.00	
25-2613	Fund Balance - Beginning		1,845.00
		1,845.00	1,845.00
	1 RJE To reclass expense to PDSC APD Fund		
25-5293	Court Appointed Fees / Pro Temp		928,652.37
25-2801	Transfer In/Out Other Funds	928,652.37	
		928,652.37	928,652.37

We reviewed the proposed audit adjustments and reclassifications summarized above and agree that they should be presented as of September 30, 2018. These adjusting journal entries are the results of error and not results of fraud, irregularities, or illegal acts.

5/28/2019
Dianne Ollet, Finance Administrator

05/28/2019
Charmaine Quichocho, Deputy Administrator, Financial Affairs

DEPARTMENT OF ADMINISTRATION
DIPATTAMENTON ATMENESTRASION

LOURDES A. LEON GUERRERO, *Governor (Maga'hàga)*
JOSHUA F. TENORIO, *Lt. Governor (Sigundo Maga'làhi)*

EDWARD M. BIRN
Director (Direktot)
EDITH C. PANGELINAN
Deputy Director (Sigundo Direktot)

DIRECTOR'S OFFICE (*Ufisinan Direktot*)

June 20, 2019

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning GU 96913

We are providing this letter in connection with your audit of the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (the "Government"), as of and for the year ended September 30, 2018, which collectively comprise the Government's basic financial statements for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations or changes in fund balances, and cash flows, as applicable, of the Government in accordance with accounting principles generally accepted in the United States of America (GAAP).

We confirm that we are responsible for the following:

a. The preparation and fair presentation in the basic financial statements of financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, in accordance with GAAP.

b. The design, implementation, and maintenance of internal control:

   - Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
   - To prevent and detect fraud.

c. The review and approval of the financial statements and related notes and acknowledge your role in the preparation of this information. Specifically, we acknowledge that your role in the preparation of the financial statements was a matter of convenience rather than one of necessity. We have reviewed the financial statement preparation assistance provided by you and acknowledge that the financial statements are prepared in accordance with GAAP. Our review was based on the use of the financial statement disclosure checklist for general purpose financial statements obtained from the Government Finance Officers Association.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The basic financial statements referred to above are fairly presented in accordance with GAAP. In addition:

   a. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

   b. Net position components (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

   c. Deposits and investment securities are properly classified in the category of custodial credit risk.

   d. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

   e. Required supplementary information is measured and presented within prescribed guidelines.

   f. Applicable laws and regulations are followed in adopting, approving, and amending budgets.

   g. The Government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

   h. The financial statements properly classify all funds and activities, including special and extraordinary items.

   i. All funds that meet the quantitative criteria in the GASB Codification of Government Accounting and Financial Reporting Standards ("GASB Codification) Section 2200.159 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

   j. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

   k. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

   l. The Government has followed GASB Codification Section 1800.178 regarding which resources (restricted, committed, assigned, or unassigned) are considered to be spent for expenditures to determine the fund balance classifications for financial reporting purposes.

   m. Interfund, internal, and intra-Government activity and balances have been appropriately classified and reported.

   n. Fund balance restrictions, commitments, and assignments are properly classified and, if applicable, approved.

2. The Government has provided to you all relevant information and access as agreed in the terms of the audit engagement letter.

3. The Government has made available to you:

   a. All financial records and related data for all financial transactions of the Government and for all funds administered by the Government. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Government and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.

   b. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies.

4. There has been no:

   a. Action taken by Government management that contravenes the provisions of federal laws, or Guam law, and laws and regulations, or of contracts and grants applicable to the Government.

   b. Communication with other regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.

5. We believe the effects of any uncorrected financial statement misstatements aggregated by you during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix A.

6. We believe the effects of the uncorrected financial statement misstatements detected in the current year that relate to the prior year presented, when combined with those misstatements aggregated by you during the prior-year audit engagement and pertaining to the prior year presented, are immaterial, both individually and in the aggregate, to the financial statements for the year ended September 30, 2017 taken as a whole. A summary of such uncorrected misstatements has been attached as Appendix B.

7. We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we identified certain disclosures that, although required by GAAP, have been omitted from our financial statements. Those omitted disclosures that are regarded as more than clearly trivial are attached as Appendix C. We believe the effects of the omitted disclosures are quantitatively and qualitatively immaterial, both individually and in the aggregate, to the financial statements as a whole.

8. The Government has not performed a formal risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud. However, management has made available to you their understanding about the risks of fraud in the Government and do not believe that the financial statements are materially misstated as a result of fraud.

9. We have no knowledge of any fraud or suspected fraud affecting the Government involving:

   a. Management.

   b. Employees who have significant roles in the Government's internal control.

   c. Others, where the fraud could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the Government's financial statements communicated by employees, former employees, analysts, regulators, or others.

11. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification Section C50, *Claims and Judgments*, except as disclosed in Note 13 to the financial statements.

12. Significant assumptions used by us in making accounting estimates are reasonable.

13. We are responsible for the preparation of the Schedule of Expenditures of Federal Awards in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("OMB Uniform Guidance"). We have identified and disclosed all of the Government's government programs and related activities subject to the OMB Uniform Guidance compliance audit. In addition, we have accurately completed the appropriate sections of the data collection form.

14. We are responsible for compliance with local, state, and federal laws, rules, and regulations, including compliance with the requirements of OMB Uniform Guidance, and provisions of grants and contracts relating to the Government's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Government is responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

15. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on its federal programs.

16. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that are significant deficiencies or material weaknesses in internal control over financial reporting.

17. No events have occurred subsequent to September 30, 2018 that require consideration as adjustments to or disclosures in the schedule of federal awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.

18. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to September 30, 2018.

19. There have been no changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by the Government with regard to significant deficiencies and material weaknesses in internal control over compliance, subsequent to September 30, 2018.

20. Federal awards expenditures have been charged in accordance with applicable cost principles.

21. The Reporting Package submitted to the Federal Audit Clearinghouse (FAC) as defined by the Uniform Grant Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information.

22. We have disclosed all contracts or other agreements with service organizations.

23. We have disclosed to you all communications from service organizations relating to noncompliance with the requirements of federal statutes, regulations, and terms and conditions of federal awards at those organizations.

24. We have:

    a. Identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program under audit.

    b. Complied, in all material respects, with the direct and material compliance requirements identified above in connection with federal awards except as disclosed in the Schedule of Findings and Questioned Costs.

    c. Identified and disclosed interpretations of any compliance requirements that have varying interpretations.

    d. Made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

    e. Identified and disclosed all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits, program reviews, or any communications from federal awarding agencies and pass-through entities concerning possible noncompliance related to the objectives of the audit.

f. Identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities.

g. Provided to you our views on the reported findings, conclusions, and recommendations for your report.

h. Monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and terms and conditions of the sub-award and have met the other pass-through entity requirements of OMB Uniform Guidance.

i. Issued management decisions for audit findings that relate to federal awards made to subrecipients. Such management decisions were issued within six months of acceptance of the audit report by the FAC. Additionally, we have followed up to determine whether the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the Government.

j. Considered the results of the subrecipient's audits and made any necessary adjustments to the auditee's own books and records.

25. We are responsible for follow-up on all prior-year(s) findings. We have prepared a summary schedule of prior-year findings reporting the status of our efforts in implementation of the prior-year's corrective action plan. The summary schedule of prior audit findings includes all findings required to be included in accordance with OMB Uniform Guidance.

26. We are responsible for taking corrective action on audit findings and have developed a corrective action plan that meets the requirements of OMB Uniform Guidance. We have included in the corrective action plan for current-year findings, the name of the person in our organization responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.

27. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

28. We have adopted the provisions of GASB Codification Section 2100, *Defining the Financial Reporting Government*. We believe that we have properly identified and reported as a component unit of the Government each organization that meets the criteria established in GASB Codification Section 2100, *Defining the Financial Reporting Government*. The Public Utilities Commission (PUC) is a related organization under GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39. PUC consists of seven members, all of whom are appointed by the Governor of Guam. The Government's accountability does not extend beyond the appointments. Accordingly, PUC is classified as another stand-alone governmental unit, not a component unit of the Government, and therefore is not part of the financial statements of the Government.

29. During the year ended September 30, 2018, the Government implemented the following pronouncements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, and provides guidance on reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* which improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

- GASB Statement No. 85, *Omnibus 2017*, which address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt.

Except for GASB Statement No. 75, which resulted in the restatement of beginning net position of governmental activities, the implementation of these statements did not have a material effect on the financial statements of the Government. Net position as of October 1, 2017 for governmental activities decreased by $1,541,331,181 as a result of the implementation of GASB Statement No. 75.

30. In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which addresses accounting and financial reporting for certain asset retirement obligations (AROs) associated with the retirement of a tangible capital asset. The provisions in Statement No. 83 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

31. In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments. The provisions in Statement No. 84 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

32. In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt. The provisions in Statement No. 86 are effective for fiscal years beginning after June 15, 2017. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

33. In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in Statement No. 87 are effective for fiscal years beginning after December 15, 2019. Management has yet to determine whether implementation of this statement will have a material effect on the financial statements.

34. In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The provisions in Statement No. 88 are effective for fiscal years beginning after June 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

35. In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions in Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

36. In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61,* which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and the relevance of financial statement information for certain component units. The provisions in Statement No. 90 are effective for fiscal years beginning after December 15, 2018. Management does not believe that the implementation of this statement will have a material effect on the financial statements.

Except where otherwise stated below, matters less than $4,000,000 collectively for the governmental activities, the General Fund, and the Chamorro Lands Fund, $2,000,000 collectively for the Federal Grants Assistance Fund, $1,000,000 collectively for the GDOE Federal Grants Fund, and $1,800,000 collectively for the aggregate remaining fund information are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to, or disclosure in, the basic financial statements.

37. Except as listed in Appendix A and Appendix B, there are no transactions that have not been recorded and reflected in the financial statements.

38. The Government has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

39. Regarding related parties:

    a. We have disclosed to you the identity of the Government's related parties and all the related party relationships and transactions of which we are aware.

    b. To the extent applicable, related parties and all related-party relationships and transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.

40. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:

    a. It is reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events.

    b. The effect of the change would be material to the financial statements.

41. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:

    a. The concentration exists at the date of the financial statements.

    b. The concentration makes the Government vulnerable to the risk of a near-term severe impact.

    c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.

42. There are no:

    a. Instances of identified or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

    b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements that have not been disclosed to you and accounted for and disclosed in accordance with GAAP.

    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Codification Section C50, *Claims and Judgments*, except as discussed in Note 13 to the financial statements.

43. The Government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except as discussed in Notes 2, 6, 13 and 14 to the financial statements.

44. The Government has complied with aspects of contractual agreements that may affect the financial statements.

45. No department or agency of the Government has reported a material instance of noncompliance to us.

46. The Government has identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.

47. No events have occurred after September 30, 2018, but before June 20, 2019, the date the financial statements were available to be issued that requires consideration as adjustments to or disclosures in the financial statements.

48. Regarding required supplementary information:

    a. We confirm that we are responsible for the required supplementary information.

    b. The required supplementary information is measured and presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.

    c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

49. Regarding supplementary information:

    a. We are responsible for the preparation and fair presentation of the supplementary information in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.

    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GASB Codification Section 2200, *Comprehensive Annual Financial Report*.

    c. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period.

50. Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

51. Management of the Government believes that it is in compliance with all significant limitations and restrictions of the 2009 Series A General Obligation Bonds, the 2011 Hotel Occupancy Tax Revenue Bonds, the 2011, 2012, 2013 and 2015 Business Privilege Tax Revenue Bonds indentures, the 2016 Series A Limited Obligation (Section 30) Bonds, and the 2006 and 2014 loan agreement covenants as of September 30, 2018.

52. Tax-exempt bonds issued have retained their tax-exempt status.

53. In prior years, the Government defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Government's financial statements. At September 30, 2018, $564,180,000 of bonds outstanding are considered defeased.

54. We have disclosed to you all additions or changes to the existing pension and other postretirement benefit plans.

55. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

56. We have no intention of terminating any of our pension plans or taking any other action that could result in an effective termination or reportable event for any of the plans.

57. Estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as tax refunds payable and as a reduction of tax revenue. The provision for tax refunds is evaluated on a regular basis by management and is based upon management's periodic review of tax returns in light of historical experience and the nature and volume of tax returns submitted. In Tax Year 2018, the Tax Cuts and Jobs Act (TCJA) provided for significant changes to tax rules including changes to the Child Tax Credit, Other Dependents Credit, personal exemptions, and standard deductions. The impact of TCJA changes is currently not determinable and, therefore, this evaluation is subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Accordingly, changes to the provision for tax refunds are accounted for on a prospective basis.

58. We have appropriately identified and properly recorded and disclosed in the financial statements all interfund transactions, including repayment terms.

59. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

60. Financial instruments with significant individual or group concentration of credit risk have been appropriately identified, properly recorded, and disclosed in the financial statements.

61. We have disclosed to you all new or changes to the existing pension, and other postretirement benefit plans.

62. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities and, where applicable, deferred inflows, deferred outflows, net position and changes in net position in the financial statements in accordance with GASB Codification Section P20, *Pension Activities - Reporting for Benefits Provided through Trusts that Meet Specified Criteria* and GASB Codification Section P22, *Pension Activities - Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria - Defined Benefit.*

63. We believe that the actuarial assumptions and methods used to measure postretirement liabilities and costs for financial accounting purposes are appropriate in the circumstances. These amounts have been appropriately recognized and displayed as assets, liabilities and, where applicable, net position and changes in net position in the financial statements in accordance with GASB Codification Section P52, *Postemployment Benefits Other than Pensions - Reporting for Benefits Not Provided through Trusts That Meet Specified Criteria - Defined Benefit.*

64. The Government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the primary government not to purchase commercial insurance for the risks of loss to which it is exposed. Instead, the Government management believes it is more economical to manage its risks internally. In the event of claim settlements and judgments, the Government reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No losses have occurred as a result of these risks in any of the past three fiscal years.

65. We have appropriately identified and properly recorded and disclosed in the financial statements, where applicable, all interfund transactions, including repayment terms.

66. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of federal programs administered by the Government has been discovered.

67. The Government of Guam Retirement Fund (GGRF) initially recorded certain benefit payments as a receivable in the amount of $137,200,000 and reduced this amount each year by a portion of employer contributions received. For the year ended September 30, 2018, the statutory contribution rate for the DB Plan is 27.83% of covered payroll, of which 1.2016% was used to reduce this receivable. In the opinion of management of the Government, the corresponding liability is embodied within the governmental activities net pension obligation of $1,005,171,481. Thus, no separate corresponding liability is required to be recorded. Accordingly, management of the Government considers that this amount represents a consumption of net position that applies to a future period and, as a result, revised the GGRF financial statements by reclassifying this receivable as a deferred outflows of resources.

68. Other long-term liabilities include an amount due to the Internal Revenue Service (IRS) for excess Make Work Pay Credit payments received under the American Recovery and Reinvestment Act of 2009. In accordance with an agreement between the Government and the IRS, the amount due was renegotiated in the amount of $19,937,926. The Government has yet to finalize repayment terms and conditions with the IRS; however, the Government anticipates repayment to occur in three equal annual amounts of $5,500,000 with a final payment of $3,437,926.

69. Regarding tax revenue abatement agreements, in accordance with GASB Codification Section 2300.107, *Notes to the Financial Statements*, we have disclosed to you all:

    a. Agreements that are entered into by the government; and

    b. Agreements that are entered into by other governments and that reduce the government's tax revenues.

Very truly yours,

Edward M. Birn
Director

Gaudencio (Goody) A. Rosario
Acting Chief Financial Officer

Government of Guam
General Fund
Appendix A
Summary of Uncorrected Misstatements
September 30, 2018

GENERAL FUND Current Year Misstatements		Balance Sheet			Income Statement
Entry Description	Type of Entry	Assets	Liabilities	Net Position at Beg of Year	Expenditures (Income)
1) To record permanent transfers to cover special revenue fund deficits					
Dr. Transfer out	Factual				1,101,273
Cr. Amounts due from other funds	Factual	(1,101,273)			
2) To adjust COLA payments reimbursed from component units					
Dr. Expenditures - COLA	Factual				2,470,000
Cr. Revenues - Contributions from component units	Factual				(2,470,000)
3) To adjust Medicaid					
Dr. Expenditures	Factual				1,940,561
Cr. Liabilities - Accrual	Factual		(1,940,561)		
4) To adjust HIP					
Dr. Expenditures	Factual				3,232,122
Cr. Liabilities - Accrual	Factual		(3,232,122)		
5) To correctly record Bus Service Collections					
Dr. Liabilities - Deposits and other Balalities	Factual		1,692,842		
Cr. Revenues	Factual				(1,692,842)
6) To adjust provision for tax refunds					
Dr. Receivables - ACTC reimbursement	Factual	6,705,000			
Cr. Liabilities - Provision for tax refunds	Factual		(6,705,000)		
7) To adjust amounts due from federal agencies					
Dr. Due to/from General Fund	Judgmental	551,000			
Cr. Revenues	Judgmental				(551,000)
8) To write off old accruals					
Dr. Liabilities - Accruals	Factual		2,668,261		
Cr. Expenditures	Factual				(2,668,261)
9) To reclass unreleased checks - GDOE					
Dr. Cash	Factual	2,696,117			
Cr. Liabilities - Accounts payable	Factual		(2,696,117)		
10) To correct overstatement of accounts payable - GDOE					
Dr. Liabilities - Accounts payable	Factual		1,079,950		
Cr. Expenditures	Factual				(1,079,950)
		8,850,844	(9,132,747)	-	281,903

Government of Guam
Federal Grants Assistance Fund
Appendix A
Summary of Uncorrected Misstatements
September 30, 2018

FEDERAL GRANTS ASSISTANCE FUND Current Year Misstatements		Balance Sheet			Income Statement
Entry Description	Type of Entry	Assets	Liabilities	Net Position at Beg of Year	Expenditures (Income)
1) To record additional liabilities					
Dr. Expenditures	Factual				2,160,588
Cr. Liabilities - Accruals	Factual		(2,160,588)		
Dr. Receivables - Federal agencies	Factual	2,160,588			
Cr. Revenues - Intergovernmental	Factual				(2,160,588)
2) To adjust amounts due from federal agencies					
Dr. Amounts due from federal agencies	Judgmental	551,000			
Cr. Due to/from General Fund	Judgmental		(551,000)		
		2,711,588	(2,711,588)		-

Government of Guam
Other Governmental Funds
Appendix A
Summary of Uncorrected Misstatements
September 30, 2018

OTHER GOVERNMENTAL FUNDS Current Year Misstatements		Balance Sheet			Income Statement
Entry Description	Type of Entry	Assets	Liabilities	Net Position at Beg of Year	Expenditures (Income)
1) To record permanent transfers to cover special revenue fund deficits					
Dr. Due to General Fund	Factual		1,101,273		
Cr. Transfer In	Factual				(1,101,273)
2) To adjust GASB 33 accruals - Property Tax					
Dr. Receivables -Taxes	Factual	1,132,919			
Cr. Revenues - Taxes	Factual				(1,132,919)
3) To record ambulance service receivables					
Dr. Receivables -Other	Factual	1,137,937			
Cr. Revenues	Factual				(1,137,937)
		2,270,856	**1,101,273**		**(2,372,129)**

Government of Guam
Government-wide
Appendix A
Summary of Uncorrected Misstatements
September 30, 2018

GOVERNMENT WIDE Current Year Misstatements		Balance Sheet			Income Statement
Entry Description	Type of Entry	Assets	Liabilities	Net Position at Beg of Year	Expenditures (Income)
General Fund		8,850,844	(9,132,747)		281,903
Federal Grants Assistance Fund		2,711,588	(2,711,588)		-
Other Governmental Funds		2,270,856	1,101,273		(3,372,129)
1) To record additional construction work in progress (CWIP)					
Dr. Non-depreciable assets - CWIP	Factual	2,160,588			
Cr. Expenditures	Factual				(2,160,588)
2) To transfer CWIP projects to depreciable assets					
Dr. Depreciable assets - Infrastructure, net of accum depr	Judumental	4,976,129			
Cr. Non-depreciable assets - CWIP	Judumental	(4,976,129)			
3) To record accrual for litigation liabilities					
Dr. Expenditures	Factual				1,781,304
Cr. Liabilities - Accruals	Factual		(1,781,304)		
4) To record additional capital assets (Solid Waste)					
Dr. Depreciable capital assets	Factual	2,793,511			
Cr. Expenditures	Factual				(2,793,511)
		15,993,876	**(12,504,366)**	-	**(3,489,510)**

Government of Guam
Government-wide
Appendix B
Summary of Uncorrected Misstatements
September 30, 2017

GOVERNMENT WIDE Prior-Year Misstatements	Type of Entry	Balance Sheet			Income Statement
Entry Description		Assets Dr (Cr)	Liabilities Dr (Cr)	Net Position at Beg of Year Dr (Cr)	Expenditures (Income) Dr (Cr)
General Fund		-	-		-
Federal Grants Assistance Fund		-	-		-
Other Governmental Funds		-	-	-	-
1) To adjust deferred outflows from OPEB					
Dr. Deferred inflows from OPEB	Factual		2,413,448		
Dr. OPEB expense	Factual				661,514
Cr. Deferred outflows from OPEB	Factual	(3,074,962)			
2) To depreciate assets transferred from CWIP					
Dr. Depreciation expense	Factual				10,320,343
Cr. Accumulated depreciation	Factual	(10,320,343)			
		(13,395,305)	2,413,448		10,981,857

Government of Guam
Government-wide
Appendix C
Summary of Disclosure Items Passed
September 30, 2018

Foot note Number	Footnote Title	Description of Omitted or Unclear Disclosure	Authoritative Literature Reference	Dollar Amount of Omitted or Unclear Disclosure
=13	Commitments and Contingencies	Expenditures exceeding appropriations within the General Fund and were not funded by legislative authorization. Landfill Tax Credits $758,062 Interest on tax refunds $1,698,593 Better Public Service Fund $527,472 GMHA Pharmaceuticals Fund $10,692,990	GASB Statement No. 56 Codification of Accounting and Financial Reporting, Section 2300-Notes to financial statements	$ 13,677,117

DEPARTMENT OF ADMINISTRATION
DIPATTAMENTON ATMENESTRASION

LOURDES A. LEON GUERRERO, *Governor (Maga'hâga)*
JOSHUA F. TENORIO, *Lt. Governor (Sigundo Maga'lâhi)*

EDWARD M. BIRN
Director (Direktot)
EDITH C. PANGELINAN
Deputy Director (Sigundo Direktot)

DIRECTOR'S OFFICE (*Ufisinan Direktot*)

June 20, 2019

Deloitte & Touche LLP
361 South Marine Corps Drive
Tamuning, GU 96929

We are providing this letter in connection with your audit of the compliance requirements of the following federal award programs of Department of Administration (Department) of the Government of Guam (Government) for the year ended September 30, 2018:

10.551/10.561	SNAP Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
15.875	Economic, Social, and Political Development of the Territories
20.205	Highway Planning and Construction Cluster
66.600	Environmental Protection Consolidated Grants for the Insular Areas - Program Support
93.575	CCDF Cluster
93.767	Children's Health Insurance Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

1. We confirm that the Department is responsible for the preparation and fair presentation of the Schedule of Expenditures of Federal Awards (SEFA) in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("OMB Uniform Guidance"). We have identified and disclosed all of the Government's government programs and related activities subject to the OMB Uniform Guidance compliance audit and have included expenditures made during the period being audited for all awards provided by federal agencies or pass-through entities in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance, if any. In addition, we have accurately completed the appropriate sections of the data collection form.

2. We believe the SEFA, including its form and content, is fairly presented in accordance with the OMB Uniform Guidance.

3. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and there are no significant assumptions or interpretations underlying the measurement and presentation of the SEFA.

4. We confirm that when the SEFA is not presented with the audited financial statements, the Government will make the audited financial statements readily available to the intended users of the SEFA no later than June 30, 2019.

5. We are responsible for the compliance with Guam and federal laws, rules, and regulations, including compliance with the requirements of OMB Circular A-133 and OMB Uniform Guidance, and the provisions of grants and contracts relating to the Government's operations. We are responsible for establishing and maintaining the components of internal control relating to our activities, in order to achieve the objectives of: providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. We are responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.

6. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards and subawards that could have a material effect on its federal programs.

7. No subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period have occurred subsequent to September 30, 2018.

8. No instances of noncompliance with direct and material compliance requirements have occurred subsequent to September 30, 2018.

9. No changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by the Government with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to September 30, 2018.

10. Department management has charged costs to federal awards in accordance with applicable cost principles.

11. The reporting package submitted to the Federal Audit Clearinghouse (FAC) as defined by the OMB Uniform Guidance section 2CFR200.512(3)(c) does not contain protected personally identifiable information.

12. Department management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.

13. The Department has made available to you all financial records and related data for all financial transactions of the Department. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Department and provide the audit trail to be used in a review of accountability. Information in federal financial reports and claims for advances and reimbursements is supported by the books and records from which the financial statements have been prepared, except as disclosed in the Schedule of Findings and Questioned Costs.

14. The Department has obligated, expended, received, and used public funds of the Government in accordance with the purpose for which such funds have been appropriated or otherwise authorized by Guam or federal law. Such obligation, expenditure, receipt, or use of public funds was in accordance with any limitations, conditions, or mandatory directions imposed by Guam or federal law, except as disclosed in the Schedule of Findings and Questioned Costs.

15. Money or similar assets handled by the Department on behalf of the Government of Guam or Federal Government have been properly and legally administered, and the accounting and record keeping related thereto is proper, accurate, and in accordance with law, except as disclosed in the Schedule of Findings and Questioned Costs.

16. The Department has identified and disclosed to you the requirements of federal statutes, regulations, and terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program under audit.

17. We have identified previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit and the corrective actions taken to address significant findings and recommendations, including the status of follow-up on prior audit findings (and information about all management decisions) by federal awarding agencies and pass-through entities.

18. The Department has complied, in all material respects, with the direct and material requirements identified above in connection with federal awards, except as disclosed in the Schedule of Findings and Questioned Costs.

19. We have identified and disclosed interpretations of any compliance requirements that have varying interpretations.

20. The Department has made available all documentation related to compliance with direct and material requirements, including information related to federal program financial reports and claims for advances and reimbursements. Federal financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared and are prepared on a basis consistent with that presented in the Schedule of Expenditures of Federal Awards. The copies of federal program financial reports provided are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

21. The Department has monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and terms and conditions of the subaward and have met the other pass-through entity requirements of OMB Circular A-133 and OMB Uniform Guidance.

22. The Department has issued management decisions for audit findings that relate to federal awards made to subrecipients. Such management decisions were issued within six months of acceptance of the audit report by the FAC. Additionally, we have followed up by determining whether the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the Government.

23. The Department has considered the results of subrecipients' audits and made any necessary adjustments to the Department's own books and records.

24. The Department has identified and disclosed all amounts questioned and all known noncompliance with direct and material compliance requirements of federal awards, including the results of other audits, program reviews, or any communications from federal awarding agencies or pass-through entities concerning possible noncompliance related to the objectives of the audit.

25. The Department and the Bureau of Budget and Management Research (BBMR) are responsible for follow-up on all prior-year(s) findings. We have assisted BBMR's preparation of a Summary Schedule of Prior Audit Findings by federal awarding agencies and pass-through entities, including all management decisions, to report the status of our efforts in implementation of the prior-year's corrective action plan. The Summary Schedule of Prior Audit Findings includes all findings required to be included in accordance with OMB Uniform Guidance.

26. The Department is responsible for taking corrective action on audit findings and has developed a corrective action plan that meets the requirements of OMB Uniform Guidance. We have included in the corrective action plan for current-year findings the name of the person in our Department responsible for implementation of the actions, the best actions to be taken, and the estimate of a completion date. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.

Except where otherwise stated below, matters less than $25,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

27. No changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective actions taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to September 30, 2018.

28. No evidence of fraud, possible irregularities, or dishonesty in fiscal operations of programs administered by the Department has been discovered.

29. No events have occurred subsequent to September 30, 2018, that require consideration as adjustments to or disclosures in the schedule of federal awards and related notes or that existed at the end of the reporting period that affect noncompliance during the reporting period.

30. The Department has disclosed all contracts or other agreements with the Government's service organization.

31. The Department has disclosed all communications from the Government's third-party service organization relating to noncompliance with the auditee's operations at that service organization.

Very truly yours,

Edward M. Birn
Director

Gaudencio (Goody) A. Rosario
Acting Chief Financial Officer

Armi Lynn R. Lujan
General Accounting Supervisor, Federal Grants